



**ROBINSON MCFADDEN**  
ATTORNEYS AND COUNSELORS AT LAW

ROBINSON, MCFADDEN & MOORE, P.C.

COLUMBIA, SOUTH CAROLINA

March 21, 2008

**VIA ELECTRONIC FILING**

Mr. Charles Terreni  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Synergy Business Park, Saluda Building  
101 Executive Center Drive  
Columbia, SC 29210

**Frank R. Ellerbe, III**  
1901 MAIN STREET, SUITE 1200  
POST OFFICE BOX 944  
COLUMBIA, SOUTH CAROLINA 29202

PH  
(803) 779-8900 | (803) 227-1112 *direct*  
FAX  
(803) 252-0724 | (803) 744-1556 *direct*  
fellerbe@robinsonlaw.com

**Re: Joint Application of Duke Energy Carolinas, LLC; N.C. Electric  
Membership Corporation; and Saluda River Electric Cooperative, Inc.  
to Amend the Certificate of Environmental Compatibility and Public  
Convenience and Necessity for Catawba Nuclear Station**

Dear Mr. Terreni:

Enclosed for filing please find the joint application of Duke Energy Carolinas, LLC; North Carolina Electric Membership Corporation ("NCEMC"); and Saluda River Electric Cooperative, Inc. for approval to amend the Certificate of Environmental Compatibility and Public Convenience and Necessity of the Catawba Nuclear Station to reflect the transfer of Saluda River's interest in the Catawba Nuclear Station to Duke Energy Carolinas and NCEMC. By copy of this letter we are serving the same on the Office of Regulatory Staff. If you have any questions, please have someone on your staff contact me.

Yours truly,

ROBINSON, MCFADDEN & MOORE, P.C.

Frank R. Ellerbe, III

/bds  
Enclosures

cc/enc: Dan F. Arnett, Chief of Staff (via email & U.S. Mail)  
Lara Simmons Nichols, Assistant General Counsel (via email & U.S. Mail)  
Robert B. Schwentker, Esquire (via email & U.S. Mail)  
Jeremy C. Hodges, Esquire (via email & U.S. Mail)  
Steven W. Hamm, Esquire (via email & U.S. Mail)

## STATE OF SOUTH CAROLINA

Joint Application of Duke Energy Carolinas, LLC,  
North Carolina Electric Membership Corporation  
and Saluda River Electric Cooperative, Inc. to  
Amend the Certificate of Environmental  
Compatibility and Public Convenience and Necessity  
for Catawba Nuclear Station

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

## COVER SHEET

DOCKET  
NUMBER:

(Please type or print)

Submitted by: Frank R. Ellerbe, IIISC Bar Number: 1866

Address: Robinson, McFadden & Moore, P.C.  
P.O. Box 944  
Columbia, SC 29202

Telephone: (803) 779-8900Fax: (803) 252-0724

Other: \_\_\_\_\_

Email: fellerbe@robinsonlaw.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

**DOCKETING INFORMATION** (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. \_\_\_\_\_

Joint Application of	)	JOINT APPLICATION OF
Duke Energy Carolinas, LLC, North Carolina	)	DUKE ENERGY CAROLINAS, LLC,
Electric Membership Corporation and Saluda	)	NORTH CAROLINA ELECTRIC
River Electric Cooperative, Inc. to Amend the	)	MEMBERSHIP CORPORATION
Certificate of Environmental Compatibility	)	AND SALUDA RIVER ELECTRIC
and Public Convenience and Necessity for	)	COOPERATIVE, INC.
Catawba Nuclear Station	)	

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Duke Energy Carolinas, LLC, (hereinafter, "Duke Energy Carolinas" or "Company"), Saluda River Electric Cooperative, Inc., (hereinafter, "Saluda River") and North Carolina Electric Membership Corporation (hereinafter "NCEMC") as Joint Applicants, hereby apply to the Public Service Commission of South Carolina ("Commission") for approval to amend the Certificate of Environmental Compatibility and Public Convenience and Necessity (hereinafter, "Certificate") of the Catawba Nuclear Station to reflect the transfer of Saluda River's interest in the Catawba Nuclear Station to Duke Energy Carolinas and NCEMC. This Application is made pursuant to Section 58-33-110, Code of Laws of South Carolina, (1976, as amended and other applicable Rules, Regulations and Statutes). In support of this Application, the Joint Applicants show the Commission the following:

1. The names and addresses of Applicants are:

Duke Energy Carolinas, LLC  
526 South Church Street  
Charlotte, North Carolina 28202

North Carolina Electric Membership Corporation  
3400 Sumner Boulevard  
Raleigh, North Carolina 27616

Saluda River Electric Cooperative, Inc.  
P. O. Box 929  
1776 Highway 14  
Laurens, South Carolina 29360

2. The names and addresses of Applicants' attorneys are:

FOR DUKE ENERGY CAROLINAS:

Lara Simmons Nichols, Assistant General Counsel  
Duke Energy Corporation  
P. O. Box 1006 (EC03T)  
Charlotte, North Carolina 28201-1006  
704.382.9960

Frank R. Ellerbe, III  
Bonnie D. Shealy  
Robinson, McFadden, and Moore, PC  
P. O. Box 944  
Columbia, South Carolina 29202  
803.227.1112  
803-227-1102

FOR NCEMC:

Robert B. Schwentker  
3400 Sumner Boulevard  
Raleigh, North Carolina 27616  
919.875.3113

Jeremy C. Hodges  
Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, Meridian, 17<sup>th</sup> Floor  
Columbia, South Carolina 29201  
803.255.9766

FOR SALUDA RIVER:

Steven W. Hamm  
Richardson Plowden & Robinson  
P. O. Drawer 7788  
Columbia, South Carolina 29202  
803.771.4400

3. Duke Energy Carolinas is a public utility organized and existing as a limited liability company under the laws of the State of North Carolina and domesticated in the State of South Carolina. Duke Energy Carolinas is engaged in the business of developing, generating, transmitting, distributing, and selling electric power and energy to the general public within the State of South Carolina and is subject to the jurisdiction of this Commission.

4. NCEMC is an "electric membership corporation" organized and existing under Article 2 of Chapter 117 of the General Statutes of North Carolina, with offices in Raleigh, North Carolina. NCEMC operates on a non-profit basis using cooperative principles to serve as the "generation and transmission cooperative" in North Carolina, providing wholesale power supplies and other services to its member-owners, which are themselves also "electric membership corporations" engaged in providing retail electric services across North Carolina to their respective member-owners. These organizations are popularly known in North Carolina and other states as "rural electric cooperatives".

5. Saluda River is an electric cooperative organized pursuant to the Rural Electric Cooperative Act, Title 33, Chapter 49 of the Code of Laws of South Carolina.

6. On October 12, 1973, this Commission issued its Order No. 17,167 in Docket No. 16,810 in which it granted to Duke Power Company<sup>1</sup> a Certificate to construct a major facility (Catawba Nuclear Station and Transmission system) as described in Duke Power Company's Application dated April 25, 1973, to be located on Lake Wylie in York County, South Carolina. On August 7, 1975, the Nuclear Regulatory Commission (hereinafter referred to as "NRC") issued to Duke Power Company a Construction Permit authorizing Duke Power Company to construct the Catawba Nuclear

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<sup>1</sup> Duke Power Company was a predecessor company of Duke Energy Carolinas.

Station located on Lake Wylie in York County, South Carolina. Catawba Nuclear Station is a nuclear fueled electric generating plant consisting of two units of 1145 MW each and support facilities and has been in operation since 1985.

7. In 1980, Duke Power Company, Saluda River and NCEMC reached agreement on the terms and conditions for the role of ownership interests in Catawba Unit 1 and the support facilities. On December 22, 1980, this Commission issued its Order No. 80-717 in Docket No. 80-272-E in which it amended the Certificate to reflect a transfer of an 18.75% undivided ownership interest in Unit No. 1 and a 9.375% undivided ownership interest in the support facilities of the Catawba Nuclear Station to Saluda River ("Saluda River's Interest") and a transfer of a 56.25% undivided ownership interest in Unit No. 1 and a 28.125% undivided ownership interest in the support facilities of the Catawba Nuclear Station to NCEMC.

8. Duke Energy Carolinas and NCEMC have now, after arms-length negotiation, reached separate agreements with Saluda River to each purchase a portion of Saluda River's Interest in Catawba Nuclear Station. The terms and conditions of such agreements are contained in the Asset Purchase Agreements (the "Purchase Agreements") attached hereto and made a part of this Application as Exhibits A and B.

9. The Purchase Agreement between Duke Energy Carolinas and Saluda River provides for Duke Energy Carolinas to purchase from Saluda River 71.96% of Saluda River's Interest. The Purchase Agreement between NCEMC and Saluda River provides for NCEMC to purchase from Saluda River 28.04% of Saluda River's Interest. Duke Energy Carolinas will continue to operate Catawba Nuclear Station in accordance with designs, plans, and specifications contained in the Certificate issued by this Commission and the Operating License issued by the NRC and any amendment and

changes authorized by the NRC. Duke Energy Carolinas and NCEMC will make payments to Saluda River pursuant to the Purchase Agreements.

10. Upon closing, Duke Energy Carolinas proposes that it will debit Account 101, Electric Plant In Service, for the original cost of the plant purchased, credit Account 108, Accumulated Depreciation, the applicable accumulated depreciation, and debit the applicable Account 120, Nuclear Fuel, sub-accounts for the related purchase of nuclear fuel. The difference between the purchase price and the recording of the cost of the plant will be recorded in Account 114, Electric Plant Acquisition Adjustments. This accounting is consistent with FERC's Uniform System of Accounts, which has been adopted by this Commission.

11. Saluda River is composed of five (5) member cooperatives located within Duke Energy Carolinas' service area in the State of South Carolina. The member cooperatives of Saluda River are presently wholesale customers of Santee Cooper for their supplemental requirements (energy and capacity needs above those supplied by their ownership in Catawba). Upon completion of the sale, the member cooperatives of Saluda River will be full requirements wholesale customers of Santee Cooper.

12. Saluda River is authorized to own electric generating facilities in the State of South Carolina pursuant to the Code of Laws of South Carolina, respectively, and is subject to ad valorem taxes of York County and applicable taxes of the State of South Carolina because of their ownership of portions of Catawba. Such taxes will now be the responsibility of Duke Energy Carolinas and NCEMC after the purchase.

13. Duke Energy Carolinas and NCEMC seek approval, pursuant to Section 58-33-110 Code of Laws of South Carolina 1976, by this Application to allow Duke

Energy Carolinas, NCEMC and Saluda River to close the transactions no later than September 30, 2008. The closing by this date provides benefits to all parties.

14. Section 58-33-110(2), Code of Laws of South Carolina, 1976, provides that a Certificate to construct a major utility facility may be transferred, subject to the approval of the Commission, to a person who agrees to comply with the terms, conditions, and modifications contained therein. Duke Energy Carolinas and NCEMC hereby agree that they are and will continue to be bound by all of the terms and conditions set forth in this Commission's Order No. 17,167 dated October 12, 1973, entered in Docket No. 16,810 wherein the Commission granted to Duke Energy Carolinas a Certificate to construct a major facility (Catawba Nuclear Station and Transmission System). Duke Energy Carolinas and NCEMC further agree that they are and will continue to be bound by any and all lawful orders issued by this Commission in connection with the operation of Catawba Nuclear Station.

15. Section 58-33-130(2) Code of Laws of South Carolina 1976 provides that on an application for amendment of a Certificate, the Commission shall hold a hearing "if the proposed change in the facility would result in any significant increase in any environmental impact of the facility or a substantial change in the location of all or a portion of the facility." Because Duke Energy Carolinas already operates the facility and will continue to operate it in the same manner, there will be no increase in any environmental impact or change in location, and, accordingly, Duke Energy Carolinas, NCEMC and Saluda River submit that a hearing is not required or needed and would serve no useful purpose.

16. Duke Energy Carolinas, NCEMC and Saluda River contend that the purchase by Duke Energy Carolinas and NCEMC of portions of Catawba Nuclear Station



from Saluda River as set forth above and described in detail in the Purchase Agreements attached hereto and the amendment of the Certificate for Catawba Nuclear Station to reflect such ownership interests are in the public interest and public convenience and necessity for the following reasons:

a. Saluda River desires to sell all of Saluda River's Interest in Catawba Nuclear Station and Duke Energy Carolinas and NCEMC have agreed to purchase that interest based on an arms-length transaction. The continuity of operation is clearly in the public interest.

b. The purchase of 71.96% of Saluda River's Interest will not expand Duke Energy Carolinas' service obligations because termination of the Interconnection Agreement between Duke Energy Carolinas and Saluda River coincident with the sale of the asset eliminates all of Duke Energy Carolinas' obligations with respect to power supply to Saluda River. Duke Energy Carolinas' obligations with respect to transmission service for Saluda River are unchanged as a result of the purchase of Saluda River's Interest.

c. Duke Energy Carolinas and NCEMC will be responsible for ad valorem and other applicable taxes of the State of South Carolina on the purchased interest after transfer approval.

d. Duke Energy Carolinas and NCEMC will continue to abide by orders of this Commission issued with respect to Catawba Nuclear Station and Duke Energy Carolinas will continue to operate Catawba Nuclear Station.

e. The proposed change in the Certificate for Catawba Nuclear Station would result in no significant increase or change in any environmental

impact of the facility, or a change in the location of all or a portion of the facility; therefore, additional environmental studies are unnecessary.

f. To determine the effect on its retail customers, Duke Energy Carolinas made a study to estimate the costs of the purchase of the interest of Saluda River. The results of this study showed that the purchase of 71.96% of the Saluda River Interest in Catawba was the least cost resource alternative resulting in downward pressure on electric rates as compared to other potential resource options which is in the public interest.

g. Duke Energy Carolinas evaluated the purchase of 71.96% of the Saluda River Interest in Catawba Nuclear Station as reflected in this Application as part of its 2006 and 2007 Integrated Resource Planning process, and determined that the addition of Saluda River's share of the Catawba Nuclear Station was a least-cost addition to the Duke Energy Carolinas' generation portfolio that would benefit its customers.

WHEREFORE, Duke Energy Carolinas, NCEMC and Saluda River request that the Commission issue its Order authorizing the amendment of the Certificate for Catawba Nuclear Station to reflect the purchase by Duke Energy Carolinas of 71.96% of Saluda River's Interest and the purchase by NCEMC of 28.04% of Saluda River's Interest and to transfer the Certificate for Catawba Nuclear Station held by Saluda River for the same portions to Duke Energy Carolinas and NCEMC.

Respectfully submitted this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

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Frank R. Ellerbe, III  
Robinson, McFadden, and Moore, PC  
P. O. Box 944  
Columbia, South Carolina 29202  
803.227.1112

Lara Simmons Nichols, Assistant General Counsel  
Duke Energy Corporation  
P. O. Box 1006 (EC03T)  
Charlotte, North Carolina 28201-1006  
704.382.9960

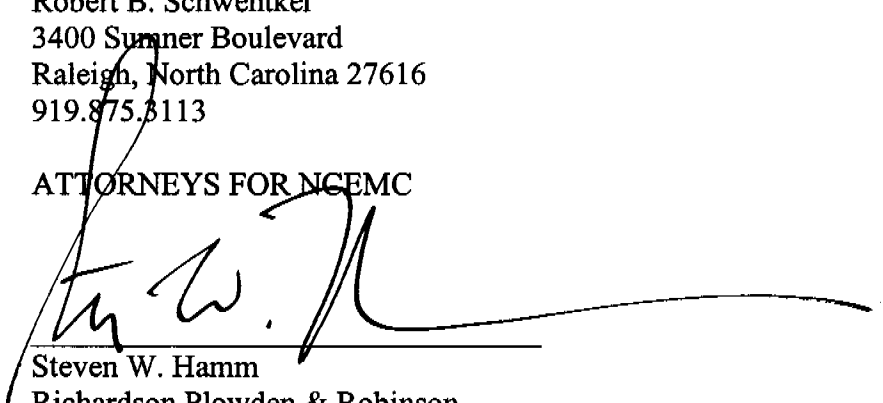
ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC

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Jeremy C. Hodges  
Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, Meridian, 17<sup>th</sup> Floor  
Columbia, South Carolina 29201  
803.255.9766

Robert B. Schwentker  
3400 Sumner Boulevard  
Raleigh, North Carolina 27616  
919.875.3113

ATTORNEYS FOR NC EMC



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Steven W. Hamm  
Richardson Plowden & Robinson  
P. O. Drawer 7788  
Columbia, South Carolina 29202  
803.771.4400

ATTORNEY FOR SALUDA RIVER

Respectfully submitted this 21<sup>st</sup> day of March, 2008.



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Frank R. Ellerbe, III  
Bonnie D. Shealy  
Robinson, McFadden, and Moore, PC  
P. O. Box 944  
Columbia, South Carolina 29202  
803.227.1112

Lara Simmons Nichols, Assistant General Counsel  
Duke Energy Corporation  
P. O. Box 1006 (EC03T)  
Charlotte, North Carolina 28201-1006  
704.382.9960

ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC

---

Jeremy C. Hodges  
Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, Meridian, 17<sup>th</sup> Floor  
Columbia, South Carolina 29201  
803.255.9766

Robert B. Schwentker  
3400 Sumner Boulevard  
Raleigh, North Carolina 27616  
919.875.3113

ATTORNEYS FOR NCEMC

---

Steven W. Hamm  
Richardson Plowden & Robinson  
P. O. Drawer 7788  
Columbia, South Carolina 29202  
803.771.4400

ATTORNEY FOR SALUDA RIVER

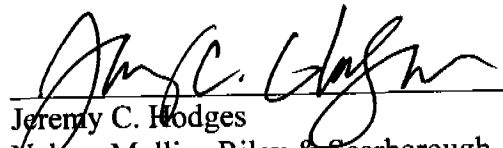
Respectfully submitted this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

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Frank R. Ellerbe, III  
Robinson, McFadden, and Moore, PC  
P. O. Box 944  
Columbia, South Carolina 29202  
803.227.1112

Lara Simmons Nichols, Assistant General Counsel  
Duke Energy Corporation  
P. O. Box 1006 (EC03T)  
Charlotte, North Carolina 28201-1006  
704.382.9960

ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC



---

Jeremy C. Hodges  
Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, Meridian, 17<sup>th</sup> Floor  
Columbia, South Carolina 29201  
803.255.9766

Robert B. Schwentker  
3400 Sumner Boulevard  
Raleigh, North Carolina 27616  
919.875.3113

ATTORNEYS FOR NCEMC

---

Steven W. Hamm  
Richardson Plowden & Robinson  
P. O. Drawer 7788  
Columbia, South Carolina 29202  
803.771.4400

ATTORNEY FOR SALUDA RIVER

Respectfully submitted this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

---

Frank R. Ellerbe, III  
Robinson, McFadden, and Moore, PC  
P. O. Box 944  
Columbia, South Carolina 29202  
803.227.1112

Lara Simmons Nichols, Assistant General Counsel  
Duke Energy Corporation  
P. O. Box 1006 (EC03T)  
Charlotte, North Carolina 28201-1006  
704.382.9960

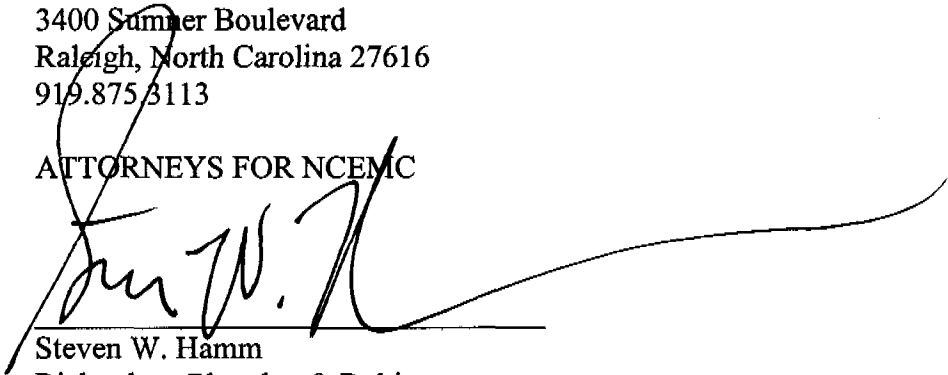
ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC

---

Jeremy C. Hodges  
Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, Meridian, 17<sup>th</sup> Floor  
Columbia, South Carolina 29201  
803.255.9766

Robert B. Schwentker  
3400 Summer Boulevard  
Raleigh, North Carolina 27616  
919.875.3113

ATTORNEYS FOR NCERC



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Steven W. Hamm  
Richardson Plowden & Robinson  
P. O. Drawer 7788  
Columbia, South Carolina 29202  
803.771.4400

ATTORNEY FOR SALUDA RIVER

## EXHIBIT A

**ASSET PURCHASE AGREEMENT**

**by and between**

**SALUDA RIVER ELECTRIC COOPERATIVE, INC.**

**as Seller**

**and**

**DUKE ENERGY CAROLINAS, LLC**

**as Purchaser**

**December 20, 2006**



## ASSET PURCHASE AGREEMENT

**THIS ASSET PURCHASE AGREEMENT** is made and entered into effective as of December 20, 2006 (the "Effective Date"), by and between **SALUDA RIVER ELECTRIC COOPERATIVE, INC.**, a South Carolina electric cooperative ("Seller"), and **DUKE ENERGY CAROLINAS, LLC**, a North Carolina limited liability company ("Purchaser"). Seller and Purchaser are also each referred to herein as a "Party" and collectively as the "Parties."

### RECITALS

WHEREAS, Purchaser and Seller each have an ownership interest in the nuclear-fueled generation facility known as Catawba Nuclear Station located on Lake Wylie in York County, South Carolina (the "Station");

WHEREAS, Purchaser and Seller are parties to the Purchase, Construction and Ownership Agreement dated October 14, 1980, as amended (the "PCOA") under which Seller acquired an 18.75 percent undivided ownership interest in Unit 1 (as defined below) of the Station and a 9.375 percent undivided ownership interest in the Support Facilities (as defined below) (collectively "Seller's Interest");

WHEREAS, Seller has agreed to sell 71.96 percent of Seller's Interest to Purchaser under this Agreement and 28.04 percent of Seller's Interest to North Carolina Electric Membership Corporation ("NCEMC") under a separate agreement;

WHEREAS, the Rural Utilities Service (the "RUS") is a lender of Seller acting pursuant to the Debt Restructuring Agreement dated April 30, 1999 between the United States of America, acting by and through the Administrator of the RUS, and Seller, as amended (the "Debt Restructuring Agreement") and supports the sale of Seller's Interest to Purchaser and NCEMC; and

WHEREAS, the Parties have determined to set forth in this Agreement the terms and conditions of their agreements regarding the foregoing.

### AGREEMENTS

NOW, THEREFORE, in consideration of the Recitals set forth above, the respective covenants and agreements of the Parties herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties, intending to be legally bound, do hereby agree as follows:

### ARTICLE I

#### DEFINITIONS; USAGE

Section 1.1 **Definitions**. Unless the context shall otherwise require, capitalized terms used in this Agreement shall have the meanings assigned to them in this **Section 1.1**.

**"Accounts"** has the meaning given to it in **Section 2.1.1(b)**.

**"Affiliate"** of any Person means any other Person directly or indirectly Controlling, directly or indirectly Controlled by or under direct or indirect common Control with such Person. Seller has no Affiliates.

**"Agreement"** means this Asset Purchase Agreement by and between Seller and Purchaser, as amended from time to time.

**"Assumed Liabilities"** has the meaning given to it in **Section 2.1.3**.

**"Bill of Sale"** has the meaning given to it in **Section 2.4.1(b)(ii)**.

**"Business Day"** means any day except Saturday, Sunday or a weekday that banks in Charlotte, North Carolina or New York, New York are closed.

**"Catawba Agreements"** means the IA, OFA and PCOA.

**"Closing"** has the meaning given to it in **Section 2.4**.

**"Closing Date"** means the date on which the Closing occurs.

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"Control"** of any Person means the possession, directly or indirectly, of the power either to (a) vote more than fifty percent (50%) of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of such Person or (b) direct or cause the direction of management or policies of such Person, whether through the ownership of voting securities or interests, by contract or otherwise.

**"Debt Restructuring Agreement"** has the meaning given to it in the Recitals to this Agreement.

**"Deeds"** has the meaning given to it in **Section 2.4.1(b)(iii)**.

**"Default Rate"** has the meaning given to it in **Section 11.2**.

**"DOE"** means the Department of Energy.

**"Effective Date"** has the meaning given to it in the preamble to this Agreement.

**"Environmental Law"** means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1471 et seq.; the Toxic Substances Control Act, 15 U.S.C. Sections 2601 through 2629; the Oil Pollution Act, 33 U.S.C. Section 2701 et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Section 11001 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300f through 300j; N.C. Gen. Stat. § 130A-310.1 et

seq.; N.C. Gen. Stat. § 143-214.1 et seq.; N.C. Gen. Stat. § 143-215.1 et seq.; N.C. Gen. Stat. § 143-215.81 et seq.; N.C. Gen. Stat. § 143-215.94A et seq.; N.C. Gen. Stat. § 130A-309.15 et seq.; N.C. Gen. Stat. § 130A-310.9 et seq.; and all other Laws that relate to or otherwise address Hazardous Materials, protection of human health, safety or the environment and all amendments to and all regulations implementing any of the foregoing, all as may be amended from time to time.

**"Excluded Assets"** has the meaning given to it in **Section 2.1.2**.

**"Excluded Liabilities"** has the meaning given to it in **Section 2.1.4**.

**"Federal Power Act"** means the Federal Power Act of 1935, as amended, and the regulations thereunder.

**"FERC"** means the Federal Energy Regulatory Commission.

**"FERC Approval"** means the order issued by FERC under Section 203 of the Federal Power Act that approves the sale and purchase of the Purchased Assets as contemplated by this Agreement.

**"Fuel Inventory"** has the meaning given to it in **Section 2.1.1(c)**.

**"Governmental Authority"** means any federal, state or local governmental entity, authority or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof).

**"Hazardous Materials"** means (i) any substance, emission or material, now or hereafter defined as, listed as or specified in a Law as a "pollutant," "contaminant," "regulated substance," "hazardous substance," "toxic substance," "pesticide," "hazardous waste," "hazardous material" or any similar or like classification or categorization under any Law including by reason of ignitability, corrosivity, reactivity, carcinogenicity or reproductive or other toxicity of any kind, (ii) any product or substance that includes or contains petroleum, asbestos, or polychlorinated biphenyls and (iii) any substance, emission or material determined to be hazardous or harmful.

**"HSR Act"** means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder.

**"IA"** means the Interconnection Agreement dated October 14, 1980, by and between Seller and Purchaser, as amended.

**"Independent Accounting Firm"** means a nationally recognized certified public accounting firm chosen jointly by Seller and Purchaser.

**"Knowledge"** or any similar phrase in this Agreement means (i) in the case of Seller, the actual knowledge of Seller's officers and employees listed in **Section 3.1** of Seller's Disclosure Schedule, and (ii) in the case of Purchaser, the actual knowledge of Purchaser's officers and employees listed in **Section 3.2** of Purchase's Disclosure Schedule; provided, however, a Party shall be deemed to have Knowledge of a matter of which such Party has received written notice.

**"Law"** means any statute, law, treaty, rule, code, common law, ordinance, regulation, permit, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority.

**"Liability"** means any indebtedness, obligation and other liability of a Person (whether absolute, accrued, contingent, fixed or otherwise, and whether due or to become due).

**"Lien"** means any pledge, deed of trust, mortgage, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security grant or agreement of any kind or nature whatsoever, including without limitation any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, or the filing of any financing statement or similar instrument under the Uniform Commercial Code as in effect in any relevant jurisdiction or comparable law of any jurisdiction, domestic or foreign, and any other lease, and any easement, restriction, condition, covenant, right-of-way or other encumbrance or title exception.

**"Lien Releases"** means such UCC termination statements and release of lien instruments in recordable form as may be necessary to evidence, effective on or before Closing, the termination and release of any and all financing statements, security agreements, deeds of trust or mortgages which encumber the Purchased Assets and which secure indebtedness of Seller or its Affiliates as of Closing.

**"Material Adverse Effect"** means a material adverse effect on (a) the Station or the Purchased Assets, (b) the ability of Seller to perform its obligations under this Agreement or any of the other Transaction Agreements, or (c) the validity or enforceability of this Agreement or any of the other Transaction Agreements, or the rights or remedies of Purchaser hereunder or thereunder; provided, however, that the term "Material Adverse Effect" shall not include any change to the extent such change results from changes in general international, national or regional economic, financial or market conditions or the market price of electricity.

**"NCEMC"** has the meaning given to it in the Recitals to this Agreement.

**"NCEMC Asset Purchase Agreement"** means the Asset Purchase Agreement of even date herewith by and between Seller and NCEMC.

**"NCEMC Catawba Agreements"** means the Purchase, Construction, and Ownership Agreement dated October 14, 1980, between Purchaser and NCEMC, as amended, the Interconnection Agreement dated October 14, 1980, between Purchaser and NCEMC, as amended, and the Operating and Fuel Agreement dated October 14, 1980, between Purchaser and NCEMC, as amended.

**"NCEMC Power Purchase Agreement"** means the Power Purchase Agreement of even date herewith by and between Purchaser and NCEMC.

**"NRC"** means the Nuclear Regulatory Commission.

**"NRC Approval"** means the order issued by the NRC that approves the transfer of Seller's ownership license, Renewed License NPF-35 for Catawba Nuclear Station, Unit 1, to Purchaser.

**"OFA"** means the Operating and Fuel Agreement dated October 14, 1980, by and between Seller and Purchaser, as amended.

**"Party"** or **"Parties"** has the meaning given to it in the preamble to this Agreement.

**"PCOA"** has the meaning given to it in the Recitals to this Agreement.

**"Permits"** means permits, licenses, approvals, certificates and other authorizations of any Governmental Authority.

**"Permitted Liens"** means (i) those exceptions to title listed in Schedule 1.1 as of the date hereof, (ii) liens for Taxes or other governmental charges or assessments not yet due and delinquent or the validity of which is being contested in good faith by appropriate proceedings, (iii) mechanics', carriers', workers', repairers' and other similar liens and rights arising or incurred in the ordinary course of business for amounts not yet due and payable or the validity of which is being contested in good faith by appropriate proceedings, (iv) zoning, entitlement, conservation restrictions and other land use and environmental regulations by any Governmental Authority, and (v) any consensual Lien that secures indebtedness of Seller but only to the extent such Lien shall be discharged and released in full at Closing.

**"Person"** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, limited liability company, unincorporated organization, Governmental Authority or any other form of legal entity.

**"Prime Rate"** has the meaning given to it in **Section 11.2**.

**"Property Taxes"** has the meaning given to it in **Section 2.2.2**.

**"PSCSC"** means the Public Service Commission of South Carolina.

**"PSCSC Approval"** means the order issued by the PSCSC that approves an amendment of the Certificate of Public Convenience and Necessity for the Station to reflect Seller's transfer of the Purchased Assets to Purchaser.

**"Purchase Price"** has the meaning given to it in **Section 2.2.1**.

**"Purchased Assets"** has the meaning given to it in **Section 2.1.1**.

**"Purchaser"** has the meaning given to it in the preamble to this Agreement.

**"Purchaser's Disclosure Schedule"** means the schedule delivered to Seller by Purchaser herewith and dated as of the Effective Date, containing all lists, descriptions, exceptions and other information and materials as are required to be included therein by Purchaser pursuant to this Agreement, attached hereto as Schedule 3.2.

**"Real Property"** means the real property upon which the Station is located, together with all buildings, structures and other improvements constructed thereon; rights, title and interests of Seller in and to all other easements, benefits, privileges and other rights appurtenant to such real property or in any way appertaining thereto, and all strips and gores and any land lying in the bed of any street or road open or closed adjoining such real property.

**"Related Agreements"** means the NCEMC Asset Purchase Agreement, NCEMC Power Purchase Agreement and amendments to the NCEMC Catawba Agreements.

**"Related Person"** means with respect to any Person, such Person's Affiliates, and the employees, officers, directors, agents, representatives, licensees and invitees of such Person and its Affiliates.

**"Required Consents"** means all consents required to be obtained from Governmental Authorities and third parties in connection with the transactions contemplated by this Agreement and the other Transaction Agreements, including all such consents as set forth on **Section 3.1.5** of Seller's Disclosure Schedule.

**"RUS"** has the meaning given to it in the Recitals to this Agreement.

**"Seller"** has the meaning given to it in the preamble to this Agreement.

**"Seller's Disclosure Schedule"** means the schedule delivered to Purchaser by Seller herewith and dated as of the Effective Date, containing all lists, descriptions, exceptions and other information and materials as are required to be included therein by Seller pursuant to this Agreement and attached hereto as **Schedule 3.1**.

**"Seller's Interest"** has the meaning given to it in the Recitals to this Agreement.

**"Settlement Agreement"** means the Settlement Agreement of even date herewith between Purchaser, Seller, NCEMC and the RUS.

**"Spare Parts Inventory"** has the meaning given to it in **Section 2.1.1(e)**.

**"Station"** has the meaning given to it in the Recitals to this Agreement.

**"Station Permits"** has the meaning given to it in **Section 3.1.11**.

**"Station Settlement Agreements"** means (i) the Release and Settlement Agreement dated March 13, 1994 by and between Duke Power Company, Seller, NCEMC, North Carolina Municipal Power Agency Number 1, Piedmont Municipal Power Agency and Westinghouse Electric Corporation, as amended by the Release and Settlement Agreement Amendment dated June 30, 2000 by and between Duke Energy Corporation, Viacom Inc., Westinghouse Electric Company LLC and British Nuclear Fuels plc, (ii) any settlement agreement entered into with the Department of Justice with respect to the spent fuel litigation described in Duke Power, A Division of Duke Energy Corp., v. The United States, filed May 1, 2006, US Court of Federal Claims, Docket No. 98-485C, Case 1:98-cv-00485-JPW, John P. Wiese, Judge and (iii) any other settlement agreement related to the Station.

**“Support Facilities”** means all facilities at the Station, as described in **Exhibit B** attached hereto, which are not part of or identified with Unit 1 or Unit 2, any part of which being referred to as a Support Facility.

**“Tax”** or **“Taxes”** means any and all taxes, including any interest, penalties, or other additions to tax that may become payable in respect thereof, imposed by any federal, state, local, or foreign government or any agency or political subdivision of any such government, which taxes shall include all income taxes, profits taxes, taxes on gains, alternative minimum taxes, estimated taxes, payroll and employee withholding taxes, unemployment insurance taxes, social security taxes, welfare taxes, disability taxes, severance taxes, license charges, taxes on stock, sales and use taxes, ad valorem taxes, value-added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real or personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers’ compensation taxes, and other taxes, fees, duties, levies, customs, tariffs, imposts, assessments, obligations and charges of the same or of a similar nature to any of the foregoing.

**“Tax Returns”** means any return, report, information return, claim for refund or other document (including any related or supporting information) supplied to or required to be supplied to any Taxing Authority with respect to Taxes, including any attachments, amendments and supplements thereto.

**“Taxing Authority”** means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

**“Termination Agreement”** has the meaning given to it in **Section 2.4.1(a)(i)**.

**“Transaction Agreements”** means the following agreements:

- 1.1.1 this Agreement;
- 1.1.2 the Bill of Sale;
- 1.1.3 the Deeds;
- 1.1.4 the Termination Agreement;
- 1.1.5 the Required Consents; and
- 1.1.6 the Settlement Agreement.

**“Transfer Taxes”** has the meaning given to it in **Section 4.4(a)**.

**“Unit 1”** means Unit 1 of the Station as described in **Exhibit A** attached hereto.

**“Unit 2”** means Unit 2 of the Station as described in **Exhibit A** attached hereto.

Section 1.2 **Rules as to Usage.** Except as otherwise expressly provided herein, the following rules shall apply to the usage of terms in this Agreement:

(a) The terms defined above have the meanings set forth above for all purposes, and such meanings are equally applicable to both the singular and plural forms of the terms defined.

(b) "Include," "includes" and "including" shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import.

(c) "Writing," "written" and comparable terms refer to printing, typing, and other means of reproducing in a visible form.

1.2.2 Any Law defined or referred to above means such Law as from time to time amended, modified or supplemented, including by succession of comparable successor Law.

(a) References to a Person are also to its successors and assigns.

(b) Any term defined above by reference to any agreement, instrument or Law has such meaning whether or not such agreement, instrument or Law is in effect.

(c) "Hereof," "herein," "hereunder" and comparable terms refer, unless otherwise expressly indicated, to the entire agreement or instrument in which such terms are used and not to any particular article, section or other subdivision thereof or attachment thereto. References in an instrument to "Article," "Section," or another subdivision or to an attachment are, unless the context otherwise requires, to the relevant article, section, subsection or subdivision of or an attachment to such agreement or instrument. If such reference in this Agreement to "Article," "Section," or other subdivision does not specify an agreement or document, such reference refers to an article, section or other subdivision of this Agreement. All references to exhibits or schedules in any agreement or instrument that is governed by this Agreement are to exhibits or schedules attached to such instrument or agreement.

(d) Pronouns, whenever used in any agreement or instrument that is governed by this Agreement and of whatever gender, shall include natural Persons, corporations, limited liability companies, partnerships and associations of every kind and character.

(e) References to any gender include, unless the context otherwise requires, references to all genders.

(f) The word "or" will have the inclusive meaning represented by the phrase "and/or."

(g) "Shall" and "will" have equal force and effect.



Section 1.3 **Schedules and Exhibits.** This Agreement consists of the Articles contained herein and the Schedules and Exhibits attached hereto, all of which constitute one and the same agreement with equal force and effect.

## ARTICLE II

### SALE AND PURCHASE; PRICE; CLOSING

Section 2.1 **Sale and Purchase; Definition of Purchased Assets; Assumed Liability.**

2.1.1 Closing, Seller shall sell, transfer, convey, assign and deliver to Purchaser, free and clear of all Liens (other than Permitted Liens), and Purchaser shall purchase and pay for, 71.96 percent of Seller's right, title and interest in and to all assets and properties of Seller relating to its ownership interest in the Station, including without limitation, Seller's right, title and interest in and to the following assets (collectively, the "Purchased Assets"):

- (a) Seller's Interest;
- (b) All accounts established to hold funds for purposes of Seller's share of the decommissioning costs of the Station, together with all cash, equity and debt securities, and other investments, and any proceeds thereof, held in such accounts (the "Accounts");
- (c) Nuclear fuel inventory purchased and residing in Purchaser's nuclear fuel fleet inventory accounts and all accounts related to such nuclear fuel inventory (the "Fuel Inventory");
- (d) All rights of Seller in any fuel supply agreements for the Station;
- (e) Spare parts inventory of the Station, including equipment, tools, goods and supplies (the "Spare Parts Inventory");
- (f) The Station Permits;
- (g) All rights of Seller in and under the Station Settlement Agreements;
- (h) All plans, designs, and specifications related to the construction, operation and maintenance of the Station; and
- (i) All rights of Seller in and under any agreements related to the ownership, operation or maintenance of the Station.

2.1.2 **Excluded Assets.** The Purchased Assets shall not include Seller's interest in the following agreements, assets and properties (the "Excluded Assets"), and Purchaser shall have no Liability with respect thereto:

(a) Except as set forth in Section 2.1.1(b), cash, cash equivalents, bank deposits, and accounts and notes receivable, trade or otherwise;

(b) Rights of Seller arising under this Agreement, the Transaction Agreements or any other instrument or document executed and delivered pursuant to this Agreement; and

(c) All assets and properties of Seller other than the Purchased Assets.

2.1.3 Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, effective as of the Closing, Purchaser shall assume and satisfy or perform all Liabilities of Seller that relate to the Purchased Assets, including those Liabilities described below, and other than the Excluded Liabilities (collectively, the "Assumed Liabilities");

(a) All Liabilities directly or indirectly related to the decommissioning of the Station; and

(b) All accrued assessments by the DOE for the decommissioning of the DOE's uranium enrichment facilities, but solely to the extent such accrued assessments relate to the Purchased Assets' and

(c) All Liabilities arising under Environmental Law.

2.1.4 Excluded Liabilities. Except for the Assumed Liabilities, Purchaser shall have no liability or obligation whatsoever for, and Seller shall retain and continue to be responsible for, all of Seller's duties, obligations and Liabilities, whether incurred or arising before or after Closing, (all of such retained duties, obligations and Liabilities being referred to herein as the "Excluded Liabilities").

## Section 2.2 Purchase Price.

2.2.1 Amount. In consideration of the sale, assignment, conveyance, transfer and delivery to Purchaser as of the Closing of Seller's right, title and interest in and to the Purchased Assets, Purchaser shall pay to Seller an amount equal to One Hundred Fifty-Eight Million Dollars (\$158,000,000) (the "Purchase Price").

2.2.2 Prorations. Real and personal property ad valorem taxes with respect to the Purchased Assets ("Property Taxes") will be prorated on a calendar year basis through the Closing Date. Any special assessments or roll-back taxes on or against the Purchased Assets shall be paid by Seller on or prior to the Closing Date. If the actual amount of Property Taxes is not known on the Closing Date, such taxes shall be prorated on the basis of the amount of such taxes payable for the prior year, and shall be adjusted between the Parties when the actual amount of such taxes payable in the year of Closing is known to Purchaser and Seller. Within 30 days after the Property Tax liability is known for the calendar year in which the Closing occurs, Purchaser and Seller shall make such payments or credits between themselves as are necessary so that each Party bears only its pro rata portion of the actual Property Tax liability for the calendar year in which the Closing occurs. All prorations shall be made as adjustments to the Purchase Price, provided that to the extent any charge or receipt to be prorated at Closing is not

known as of the Closing Date, the Parties shall make the applicable proration and adjusting payments as soon as possible after Closing.

**2.2.3 Method of Payment of Purchase Price.** At Closing, Purchaser shall deliver to Seller the Purchase Price, as adjusted for the prorations and other adjustments hereunder, in United States dollars, by wire transfer of immediately available federal funds to an account designated by Seller.

**Section 2.3 Allocation of Purchase Price for Tax Purposes.** The Purchase Price shall be allocated among the Purchased Assets as of the Closing in accordance with a schedule to be prepared by Purchaser, using the allocation method provided by Section 1060 of the Code and the regulations thereunder. The consent of Seller under this Section shall not be a condition to the Closing. The Parties shall cooperate to comply with all substantive and procedural requirements of Section 1060 of the Code and the regulations thereunder, and except for any adjustment to the Purchase Price, the allocation shall be adjusted only if and to the extent necessary to comply with such requirements. Purchaser and Seller agree that they will not take nor will they permit any Affiliate to take, for income Tax purposes, any position inconsistent with such allocation; provided, however, that (i) Purchaser's cost may differ from the total amount allocated hereunder to reflect the inclusion in the total cost of items (for example, capitalized acquisition expenses) not included in the total amount so allocated, and (ii) the amount realized by Seller may differ from the amount allocated to reflect transaction costs that reduce the amount realized for federal income Tax purposes. Transfer Tax on the Deeds shall be calculated based on such allocation.

**Section 2.4 The Closing.** The closing of the transactions contemplated herein (the "Closing") will take place at Purchaser's offices in Charlotte, North Carolina (or such other location agreed to by the Parties), at 10:00 a.m. local time on the date as soon as practicable (but in no event longer than 10 Business Days) after all conditions to the Closing set forth in **Section 5.1** and **Section 5.2** have been satisfied or waived. The Closing shall be deemed effective as of 12:01 A.M. Charlotte, North Carolina time on the Closing Date.

**2.4.1 Closing.**

(a) At the Closing, Purchaser shall (i) pay to Seller the Purchase Price in accordance with **Section 2.2** and (ii) execute (as applicable) and deliver the following items to Seller:

(i) a Termination Agreement in substantially the form of **Exhibit C** attached hereto (the "Termination Agreement"), pursuant to which the Parties shall terminate the Catawba Agreements effective as of the Closing;

(ii) the Required Consents obtained as of Closing to the extent Purchaser is the beneficiary, recipient or grantee thereof;

(iii) a certificate of good standing with respect to Purchaser, as of a recent date, issued by the Secretary of State of the State of North Carolina;

(iv) copies, certified by the Secretary or Assistant Secretary of Purchaser, of resolutions of Purchaser's Board of Directors authorizing the execution and delivery of this Agreement and all of the other agreements and instruments, in each case, to be executed and delivered by Purchaser in connection herewith;

(v) a certificate of the Secretary or Assistant Secretary of Purchaser identifying the name and title and bearing the signatures of the officers of Purchaser authorized to execute and deliver this Agreement and the other agreements and instruments contemplated hereby; and

(vi) a certificate addressed to Seller dated the Closing Date executed by the duly authorized officer of Purchaser to the effect that the conditions set forth in **Section 5.2.1** and **Section 5.2.2** have been satisfied by Purchaser.

(b) At the Closing, Seller shall execute (as applicable) and deliver the following items to Purchaser:

(i) the funds in the Accounts;

(ii) a bill of sale in substantially the form of **Exhibit D** attached hereto (the "Bill of Sale");

(iii) general warranty deeds in substantially the form of **Exhibit E** attached hereto (the "Deeds") and any other documents necessary to convey all of Seller's right, title and interest in and to Seller's Interest;

(iv) the Termination Agreement;

(v) the Required Consents obtained as of Closing to the extent Seller is the beneficiary, recipient or grantee thereof;

(vi) the Lien Releases;

(vii) a certificate of good standing with respect to Seller, as of a recent date, issued by the Secretary of State of the State of South Carolina;

(viii) copies, certified by the Secretary or Assistant Secretary of Seller, of resolutions of Seller's Board of Directors authorizing the execution and delivery of this Agreement and all of the other agreements and instruments, in each case, to be executed and delivered by Seller in connection herewith;

(ix) a certificate of the Secretary or Assistant Secretary of Seller identifying the name and title and bearing the signatures of the officers of Seller authorized to execute and deliver this Agreement and the other agreements and instruments contemplated hereby; and

(x) a certificate addressed to Purchaser dated the Closing Date executed by the duly authorized officer of Seller to the effect that the conditions set forth in **Section 5.1.1** and **Section 5.1.2** have been satisfied by Seller.

**Section 2.5 Further Assurances.** Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, at either Party's request and without further consideration, the other Party shall execute and deliver to such Party such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as such Party may reasonably deem necessary or desirable in order more effectively (i) to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, the Purchased Assets, (ii) to the full extent permitted by Law, to put Purchaser in actual possession of the Purchased Assets, and (iii) otherwise to consummate the transactions contemplated by this Agreement.

### **ARTICLE III**

#### **REPRESENTATIONS AND WARRANTIES**

**Section 3.1 Representations and Warranties of Seller.** Except as specifically set forth in Seller's Disclosure Schedule attached hereto as Schedule 3.1, Seller hereby represents and warrants to Purchaser that all of the statements contained in this **Section 3.1** are true and correct as of the Effective Date. Each exception and other response to this Agreement set forth in Seller's Disclosure Schedule is identified by reference to, or has been grouped under a heading referring to, a specific individual section of this Agreement, and, except as otherwise specifically stated with respect to such exception, relates only to such section.

**3.1.1 Existence.** Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of South Carolina. Seller has all requisite corporate power and authority to own, lease and operate its properties and to carry out its business as it is now being conducted, and is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its assets and properties makes such qualification necessary.

**3.1.2 Authority.** Seller has full corporate power and authority to execute and deliver this Agreement and the Transaction Agreements to which it is or will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and the Transaction Agreements to which it is or will be a party, and the performance by Seller of its obligations hereunder and thereunder, have been duly and validly authorized by all required corporate action by Seller, and no other action on the part of Seller, its directors or shareholders is necessary.

**3.1.3 Binding Agreement.** This Agreement and the Transaction Agreements to which Seller is or will be a party have been or will be when delivered duly executed and delivered by Seller and, assuming due and valid authorization, execution and delivery thereof by Purchaser, this Agreement and the Transaction Agreements to which Seller is or will be a party are or will be when delivered valid and binding obligations of Seller enforceable against Seller in

accordance with their terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws of general application affecting enforcement of creditors' rights generally and (ii) to the extent that the availability of the remedy of specific performance or injunctive or other forms of equitable relief may be subject to equitable defenses or would be subject to the discretion of the court before which any proceeding therefor may be brought.

3.1.4 No Conflicts. The execution and delivery by Seller of this Agreement do not, and the execution and delivery by Seller of the Transaction Agreements to which it is or will be a party, the performance by Seller of its obligations under this Agreement and such Transaction Agreements, and the consummation of the transactions contemplated hereby and thereby shall not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of Seller's certificate of incorporation or bylaws;

(b) assuming all of the Required Consents have been obtained, result in a default, penalty, or any adjustment in required payments (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, deed of trust, indenture, license, agreement, lease or other instrument or obligation to which Seller is party or by which Seller or any of the Purchased Assets may be bound, except for such defaults, penalties or adjustments (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained in writing (true and correct copies of which waivers or consents have been furnished to Purchaser); or

(c) assuming all of the Required Consents have been obtained, conflict with or result in a violation or breach of any term or provision of any Law applicable to Seller or the Purchased Assets.

3.1.5 Approvals and Filings. Except as set forth in Section 3.1.5 of Seller's Disclosure Schedule, no consent, approval or action of, filing with or notice to any Governmental Authority or other Person by Seller is required in connection with the execution, delivery and performance by Seller of this Agreement or any of the Transaction Agreements to which it is or will be a party or the consummation of the transactions contemplated hereby or thereby.

3.1.6 Legal Proceedings. There are no claims, actions, proceedings or investigations pending with respect to which Seller itself has received notice, has been served or entered an appearance or, to Seller's Knowledge, threatened against Seller before any Governmental Authority that would reasonably be expected (i) to result in the issuance of an order restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement or any of the Transaction Agreements, (ii) to adversely affect the ownership, operation or maintenance of the Station, or (iii) individually or in the aggregate, to have a Material Adverse Effect. There are no outstanding judgments, rules, orders, writs, injunctions or decrees of any Governmental Authority relating specifically to Seller that would, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect.

3.1.7 Compliance with Laws. Seller is not in violation of or in default in any material respect under any Law applicable to Seller or, to Seller's Knowledge, applicable to the Purchased Assets. Except as set forth in **Section 3.1.7** of Seller's Disclosure Schedule, Seller has not itself received notification alleging that it is in violation of any Law applicable to Seller or, to Seller's Knowledge, the Purchased Assets.

3.1.8 Title. Seller has good and valid title to all of its properties and assets constituting the Purchased Assets other than Seller's Interest (it being understood that Seller's Interest is covered by **Section 3.1.9**), free and clear of all Liens except Permitted Liens.

3.1.9 Real Property. Seller has good, valid and marketable fee simple title to Seller's Interest, free and clear of all Liens other than Permitted Liens. Seller itself has received no notice of, and has no Knowledge of, any pending or threatened action, litigation, condemnation or other proceeding of any kind with respect to or concerning the Real Property. Seller itself has not received any notice, and has no Knowledge, that the Real Property (or any portion of it) is in violation of any applicable zoning, flood, building or other code, or any other legal requirement or private restriction. Other than Permitted Liens, there are no commitments to or agreements with any Governmental Authority affecting the use or ownership of the Real Property.

3.1.10 Contracts and Agreements. Except for the Catawba Agreements, the agreements listed in Schedule 1.1, and any agreements listed in **Section 3.1.10** of Seller's Disclosure Schedule, there are no agreements, indentures, security agreements, deeds of trust and other contracts relating to the development, design, construction, ownership, operation or maintenance of the Station, to which Seller is a party. The Catawba Agreements are in full force and effect and constitute a legal, valid and binding agreement of Seller and of each other party thereto, enforceable in accordance with their terms, and no material term or condition thereof has been amended from the form thereof delivered to Purchaser or waived. Except for violations, breaches or defaults known by Purchaser, neither Seller nor, to Seller's Knowledge, any other party to any Catawba Agreement is in violation or breach of or default under any such Catawba Agreement (or with notice or lapse of time or both, would be in violation or breach of or default under any such Catawba Agreement).

3.1.11 Permits. Section 3.1.11 of Seller's Disclosure Schedule sets forth all Permits acquired or held by or in the name of Seller in connection with the ownership, operation, maintenance or use of the Station (the "Station Permits"). To Seller's Knowledge, Seller is in compliance with each Station Permit and has received no notice of violation or noncompliance from any Governmental Authority. To Seller's Knowledge, Seller has received no notice alleging that any such Station Permit (i) is not in full force and effect, or (ii) is subject to any legal proceeding or to any unsatisfied condition that (A) is not reasonably expected to be satisfied or (B) if not satisfied could reasonably be expected to allow material modification or revocation thereof.

3.1.12 Environmental Matters. There are no claims, actions, proceedings or investigations pending or threatened against Seller or, to Seller's Knowledge, the Purchased Assets under any Environmental Law relating to the Station or the Real Property. Seller itself has not received from any third party any notice of violation or other claim of noncompliance

with Environmental Laws regarding the Station or the Real Property. Seller is not a party to any consent decrees, order or similar document relating to Liability arising under Environmental Laws involving the Station, the Real Property or the Purchased Assets.

**3.1.13 Taxes.**

(a) Seller has filed or will file when due all Tax Returns that are required to be filed on or before the Closing Date with respect to the Purchased Assets and has paid or will pay in full all Taxes required to be paid with respect to the Purchased Assets; and (ii) such Tax Returns were prepared or will be prepared in the manner required by applicable Laws. Seller has not received any notice that any Taxes relating to any period prior to the Closing Date are owing that have not been paid on or before the Closing Date.

(b) Seller has not extended or waived the application of any statute of limitations of any jurisdiction regarding the assessment or collection of any Tax of Seller with respect to the Purchased Assets.

(c) None of the Purchased Assets are subject to any Liens for Taxes, other than Permitted Liens.

(d) There are no audits, claims, assessments, levies, administrative or judicial proceedings pending, or to Seller's Knowledge, threatened, proposed or contemplated with respect to the Purchased Assets by any Tax Authority.

**3.1.14 Brokers.** All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Seller directly with Purchaser without the intervention of any Person on behalf of Seller in such manner as to give rise to any valid claim by any Person against Purchaser for a finder's fee, brokerage commission or similar payment.

**3.1.15 SELLER IS MAKING NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO THE CONDITION, MERCHANTABILITY, FITNESS OR SUITABILITY FOR USE OR WORKING ORDER, RELATING TO THIS AGREEMENT, THE PURCHASED ASSETS OR THE TRANSACTIONS THIS AGREEMENT CONTEMPLATES, EXCEPT AS SPECIFICALLY SET FORTH IN THIS SECTION 3.1. EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS SECTION 3.1 OR ELSEWHERE IN THIS AGREEMENT OR THE TRANSACTION AGREEMENTS, THE PURCHASED ASSETS ARE SOLD "AS IS, WHERE IS" ON THE CLOSING DATE, AND IN THEIR CONDITION ON THE CLOSING DATE "WITH ALL FAULTS."**

**Section 3.2 Representations and Warranties of Purchaser.** Except as specifically set forth in Purchaser's Disclosure Schedule attached hereto as Schedule 3.2, Purchaser hereby represents and warrants to Seller that all of the statements contained in this **Section 3.2** are true and correct as of the Effective Date. Each exception and other response to this Agreement set forth in Purchaser's Disclosure Schedule is identified by reference to, or has been grouped under a heading referring to, a specific individual section of this Agreement, and, except as otherwise specifically stated with respect to such exception, relates only to such section.



3.2.1 Existence. Purchaser is a limited liability company, duly formed, validly existing and in good standing under the Laws of the State of North Carolina. Purchaser has all requisite power and authority to own, lease and operate its properties and to carry out its business as it is now being conducted.

3.2.2 Authority. Purchaser has full power and authority to execute and deliver this Agreement and the Transaction Agreements to which it is or will be a party, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Purchaser of this Agreement and the Transaction Agreements to which it is or will be a party, and the performance by Purchaser of its obligations hereunder and thereunder, have been duly and validly authorized by all required action by Purchaser, and no other action on the part of Purchaser or its member is necessary.

3.2.3 Binding Agreement. This Agreement and the Transaction Agreements to which Purchaser is or will be a party have been or will be when delivered duly executed and delivered by Purchaser and, assuming due and valid authorization, execution and delivery thereof by Seller, this Agreement and the Transaction Agreements to which Purchaser is or will be a party are or will be when delivered valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws of general application affecting enforcement of creditors' rights generally and (ii) the availability of the remedy of specific performance or injunctive or other forms of equitable relief may be subject to equitable defenses and would be subject to the discretion of the court before which any proceeding therefor may be brought.

3.2.4 No Conflicts. The execution and delivery by Purchaser of this Agreement do not, and the execution and delivery by Purchaser of the Transaction Agreements to which it is or will be a party, the performance by Purchaser of its obligations under this Agreement and such Transaction Agreements and the consummation of the transactions contemplated hereby and thereby shall not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of Purchaser's articles of organization or operating agreement;

(b) result in a default, penalty, or any adjustment in required payments (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, deed of trust, indenture, license, agreement, lease or other instrument or obligation to which Purchaser is a party or by which Purchaser or any of its assets and properties may be bound, except for such defaults, penalties or adjustments (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained; or

(c) assuming the Required Consents have been obtained, conflict with or result in a violation or breach of any term or provision of any Law applicable to Purchaser or any of its assets and properties.

3.2.5 Approvals and Filings. Except as set forth in Section 3.2.5 of Purchaser's Disclosure Schedule, no consent, approval or action of, filing with or notice to any Governmental Authority or other Person by Purchaser is required in connection with the execution, delivery and performance by Purchaser of this Agreement or any of the Transaction Agreements to which it is or will be a party or the consummation by Purchaser of the transactions contemplated hereby or thereby.

3.2.6 Legal Proceedings. There are no claims, actions, proceedings or investigations pending or, to Purchaser's Knowledge, threatened against Purchaser before any Governmental Authority that would reasonably be expected to result in the issuance of an order restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement or any of the Transaction Agreements.

3.2.7 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Purchaser directly with Seller without the intervention of any Person on behalf of Purchaser in such manner as to give rise to any valid claim by any Person against Seller for a finder's fee, brokerage commission or similar payment.

## ARTICLE IV

### COVENANTS

Section 4.1 Efforts to Close. After the Effective Date and prior to Closing:

4.1.1 Required Consents; Other Covenants.

(a) Each Party shall provide reasonable cooperation to the other Party in obtaining consents, approvals or actions of, making all filings with and giving all notices to Governmental Authorities or other Persons required of the other Party in connection with obtaining any Required Consents with respect to the transactions contemplated hereby and by the Transaction Agreements, including the following:

(i) Within a reasonable period of time after the Effective Date, Seller and Purchaser shall each file, with the appropriate Governmental Authority, such filings as are required by the HSR Act and shall take all actions reasonably necessary to cause early termination of the applicable waiting period under the HSR Act.

(ii) Within a reasonable period of time after the Effective Date, Purchaser and Seller shall jointly file with the PSCSC all documents reasonably required to obtain the PSCSC Approval. The Parties shall consult on and coordinate all principal filings submitted by Purchaser and Seller to the PSCSC in connection with the PSCSC Approval.

(iii) Within a reasonable period of time after the Effective Date, Purchaser and Seller shall jointly file with the FERC all documents reasonably required to obtain the FERC Approval. The Parties shall consult on and coordinate all principal filings submitted by Purchaser and Seller to the FERC in connection with the FERC Approval.

(iv) Within a reasonable period of time after the Effective Date, Purchaser shall file with the NRC all documents reasonably required to obtain the NRC Approval.

(b) The Parties shall furnish to each other's counsel such necessary information and assistance as the other Party may request in connection with its preparation of any such filing or submission that is necessary to obtain the foregoing consents, approvals or actions. The Parties shall consult with each other as to the appropriate time of making such filings and submissions and shall make such filings and submissions at the agreed upon time. The Parties shall keep each other apprised of the status of any communications with and any inquiries or requests for additional or supplemental information from applicable Governmental Authorities and shall provide any such additional or supplemental information that may be reasonably requested in connection with any such filings or submissions.

#### 4.1.2 Fulfillment of Conditions.

(a) Each Party shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under Law to consummate and make effective the purchase, sale, assignment, conveyance, transfer and delivery of the Purchased Assets and the assumption of the Assumed Liabilities pursuant to this Agreement. Such actions shall include each Party using its commercially reasonable efforts to ensure satisfaction of the conditions precedent to its obligations hereunder.

(b) Each Party shall give notice to the other promptly after becoming aware of (i) the occurrence or non-occurrence of any event whose occurrence or non-occurrence would be likely to cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect at any time from the Effective Date hereof to the Closing Date and (ii) any failure of a Party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

#### Section 4.2 Preservation of Purchased Assets.

(a) After the Effective Date and prior to Closing, Seller shall (i) preserve and maintain the Purchased Assets; and (ii) fulfill its obligations under the Catawba Agreements in the usual and ordinary course of business.

(b) After the Effective Date and prior to Closing, Seller shall not, without the written consent of Purchaser: (i) distribute, dispose of, sell, lease, transfer, pledge, assign or encumber, or incur or permit to exist any Lien (other than a Permitted Lien) on, any of the Purchased Assets; (ii) amend its certificate of incorporation or bylaws; (iii) take any action that alters the regulatory status of Seller; (iv) take any other action or fail to take any action that adversely affects the Purchased Assets or impairs the ability of the Parties to consummate the transactions contemplated by this Agreement; or (v) enter into any agreement to do or engage in any of the foregoing.

#### Section 4.3 Notification.

4.3.1 Seller. Prior to the Closing, Seller shall promptly notify Purchaser in writing if it becomes aware of any fact or condition that (i) causes or constitutes a breach of any representation or warranty set forth in **Section 3.1** or (ii) would have caused or constituted a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in Seller's Disclosure Schedule, Seller shall promptly deliver to Purchaser a supplement to Seller's Disclosure Schedule specifying such change. During the same period, Seller shall promptly notify Purchaser of the occurrence of any breach of any covenant of Seller or of the occurrence of any event that would reasonably be expected to make the satisfaction of the conditions set forth in **ARTICLE V** impossible or unlikely.

4.3.2 Purchaser. Prior to the Closing, Purchaser shall promptly notify Seller in writing if Purchaser becomes aware of any fact or condition that (i) causes or constitutes a breach of any representation or warranty set forth in **Section 3.2** or (ii) would have caused or constituted a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in Purchaser's Disclosure Schedule, Purchaser shall promptly deliver to Seller a supplement to Purchaser's Disclosure Schedule specifying such change. During the same period, Purchaser shall promptly notify Seller of the occurrence of any breach of any covenant of Purchaser or of the occurrence of any event that would reasonably be expected to make the satisfaction of the conditions in **ARTICLE V** impossible or unlikely.

4.3.3 Effect of Supplemental Disclosure. Any notice delivered by a Party pursuant to this **Section 4.3** shall be disregarded for purposes of determining an inaccuracy or breach of a representation or warranty made by such Party in this Agreement or in Seller's Disclosure Schedule or Purchaser's Disclosure Schedule, as the case may be; provided, however, that if such supplemental disclosure causes a condition to the obligation of the other Party under **ARTICLE V** not to be satisfied, and the Party making such supplemental disclosure (at the time of making such disclosure) expressly identifies such condition that will not be satisfied in the notice delivered pursuant to this **Section 4.3**, then in the event the Party receiving such supplemental disclosure nevertheless proceeds to close notwithstanding the failure of such condition to be satisfied, then such supplemental disclosure shall be given effect as if disclosed on the Effective Date. Notwithstanding the foregoing, any supplemental disclosure of information of which Seller had Knowledge on the Effective Date and intentionally failed to disclose shall be disregarded for all purposes.

#### Section 4.4 Tax Matters.

(a) Notwithstanding any other provision of this Agreement, all applicable sales, transfer, use, stamp, conveyance, value added, recording, excise, and other similar Taxes, if any, together with all recording or filing fees, notarial fees and other similar costs of Closing, that may be imposed upon, or payable, collectible or incurred in connection with the transfer of the Purchased Assets to Purchaser or otherwise as a result of the transfer of the Purchased Assets ("Transfer Taxes") shall be borne solely by Seller. Seller, at its own expense, will file, to the extent required by applicable Law, all necessary Tax Returns and other

documentation with respect to all such Transfer Taxes, and if required by applicable Law, Purchaser will join in the execution of any such Tax Returns or other documentation.

(b) With respect to Taxes to be prorated in accordance with **Section 2.2.2**, Purchaser shall prepare and timely file all Tax Returns required to be filed after the Closing with respect to the Purchased Assets, if any, and shall duly and timely pay all such Taxes shown to be due on such Tax Returns. Purchaser's preparation of any such Tax Returns that are material shall be subject to Seller's approval, which shall not be unreasonably withheld, conditioned or delayed. Purchaser shall make such Tax Returns available for Seller's review and approval not later than 15 Business Days prior to the due date for filing such Tax Return and shall make such changes as are reasonably requested by Seller. Within 10 Business Days after Purchaser's payment of such Taxes, Seller shall pay to Purchaser, or Purchaser shall pay to Seller, as appropriate, the difference between (i) Seller's proportionate share of the amount shown as due on such Tax Return determined in accordance with **Section 2.2.2** and (ii) the amount paid by Seller at the Closing Date pursuant to **Section 2.2.2**.

(c) Seller and Purchaser shall provide the other with such assistance as may reasonably be requested in connection with the preparation of any Tax Return, any audit or other examination by any Taxing Authority, or any judicial or administrative proceedings relating to Liability for Taxes, and each will retain and provide the requesting Party with any records or information that may be relevant to such return, audit, or examination, proceedings or determination. Any information obtained pursuant to this **Section 4.4** or pursuant to any other Section hereof providing for the sharing of information or review of any Tax Return or other schedule relating to Taxes shall be kept confidential by the Parties.

(d) Purchaser shall remit to Seller any refund or credit of Taxes, if and when actually received by Purchaser, to the extent such Taxes are attributable to any taxable period, or portion thereof, ending on or before the Closing Date.

(e) Any payment by Purchaser or Seller to the other pursuant to this **Section 4.4** shall be treated for all purposes by both Parties as an adjustment to the Purchase Price, to the maximum extent permitted by Law.

(f) In the event that a dispute arises between Seller and Purchaser regarding Taxes or any amount due under this **Section 4.4**, the Parties shall attempt in good faith to resolve such dispute and any agreed upon amount shall be paid to the appropriate Party. If such dispute is not resolved within 30 days, the Parties shall submit the dispute to an Independent Accounting Firm for resolution within 30 days thereafter, which resolution shall be final, conclusive and binding on the Parties. Notwithstanding anything in this Agreement to the contrary, the fees and expenses of the Independent Accounting Firm in resolving the dispute shall be borne 50% by Seller and 50% by Purchaser. Any payment required to be made as a result of the resolution of the dispute by the Independent Accounting Firm shall be made within 10 days after such resolution, together with any interest, as required for the applicable Tax.

## ARTICLE V

### CONDITIONS TO CLOSING

Section 5.1 **Purchaser's Conditions Precedent.** The obligations of Purchaser hereunder to execute or deliver the items it is required to deliver pursuant to Section 2.4.1(a) are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Purchaser in its sole discretion):

5.1.1 **Representations and Warranties.** Each of the representations and warranties made by Seller in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and correct on and as of the Closing Date as though made on and as of the Closing Date. Each of the representations and warranties made by Seller in this Agreement that are not qualified as to materiality or Material Adverse Effect shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date.

5.1.2 **Performance.** Seller shall have performed and complied with the agreements, covenants and obligations required by this Agreement to be so performed or complied with by Seller at or before the Closing Date.

5.1.3 **Law.** There shall not be in effect at the Closing Date any preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the transactions contemplated by this Agreement or any Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement.

5.1.4 **PSCSC Approval.** The PSCSC Approval shall have been duly obtained and be in full force and effect, shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, and shall not have imposed or required any condition or modification unacceptable to Purchaser.

5.1.5 **FERC Approval.** The FERC Approval shall have been duly obtained and be in full force and effect, shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, and shall not have imposed or required any condition or modification unacceptable to Purchaser.

5.1.6 **NRC Approval.** The NRC Approval shall have been duly obtained and be in full force and effect, shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, and shall not have imposed or required any condition or modification unacceptable to Purchaser.

5.1.7 **Required Consents.** Purchaser shall have received evidence reasonably satisfactory to Purchaser that all Required Consents have been obtained.

5.1.8 **HSR Act.** The waiting period under the HSR Act applicable to the consummation of the sale and purchase of the Purchased Assets contemplated hereby shall have expired or been terminated.

5.1.9 Deliveries. Seller shall have executed and delivered to Purchaser the items set forth in **Section 2.4.1(b)**.

5.1.10 Material Adverse Change. There shall not have been or occurred, since the Effective Date, any event, occurrence or circumstance that would reasonably be expected to result in or give rise to a Material Adverse Effect.

5.1.11 Related Agreements. The Related Agreements shall have been delivered, executed and, to the extent required, approved by the appropriate Governmental Authority without condition or modification not acceptable to Purchaser.

**Section 5.2** **Seller's Conditions Precedent**. The obligations of Seller hereunder to execute or deliver the items it is required to deliver pursuant to **Section 2.4.1(b)** are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Seller in its sole discretion):

5.2.1 Representations and Warranties. Each of the representations and warranties made by Purchaser in this Agreement that are qualified by materiality or Material Adverse Effect shall be true and correct on and as of the Closing Date as though made on and as of the Closing Date. Each of the representations and warranties made by Purchaser in this Agreement that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date.

5.2.2 Performance. Purchaser shall have performed and complied with the agreements, covenants and obligations required by this Agreement to be so performed or complied with by Purchaser at or before the Closing Date.

5.2.3 Law. There shall not be in effect at the Closing Date any preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the transactions contemplated by this Agreement or any Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement.

5.2.4 PSCSC Approval. The PSCSC Approval shall have been duly obtained and be in full force and effect and shall not have been reversed, stayed, enjoined, set aside, annulled or suspended.

5.2.5 FERC Approval. The FERC Approval shall have been duly obtained and be in full force and effect and shall not have been reversed, stayed, enjoined, set aside, annulled or suspended.

5.2.6 NRC Approval. The NRC Approval shall have been duly obtained and be in full force and effect and shall not have been reversed, stayed, enjoined, set aside, annulled or suspended.

5.2.7 Required Consents. Seller shall have received evidence reasonably satisfactory to Seller that all Required Consents have been obtained.

5.2.8 HSR Act. The waiting period under the HSR Act applicable to the consummation of the sale and purchase of the Purchased Assets contemplated hereby shall have expired or been terminated.

5.2.9 Deliveries. Purchaser shall have executed and delivered to Seller the items set forth in **Section 2.4.1(a)**.

5.2.10 Power Contract. In order for the Closing to occur prior to September 30, 2008, Purchaser, or another third party, shall have entered into a power supply arrangement with Seller that replaces Seller's power supply from the Station which Seller determines is satisfactory to Seller and to Central-Electric Power Cooperative, Inc. and South Carolina Public Service Authority through September 30, 2008.

## ARTICLE VI

### TERMINATION

Section 6.1 **Termination Prior to Closing.** This Agreement may be terminated, and the transactions contemplated hereby may be abandoned:

(a) at any time before the Closing, by Seller or Purchaser upon notice to the other Party, in the event that any Law becomes effective restraining, enjoining, or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement;

(b) at any time before the Closing, by Seller or Purchaser upon notice to the other Party, in the event (i) of a breach hereof by the non-terminating Party that would reasonably be expected to give rise to a Material Adverse Effect, if the non-terminating Party fails to cure such breach within 30 days following notification thereof by the terminating Party; or (ii) any condition to such Party's obligations under this Agreement (other than the payment of money to the other Party) becomes impossible or impracticable to satisfy with the use of commercially reasonable efforts, so long as such impossibility or impracticability is not caused by a breach hereof by such Party; provided further, however, that if it is reasonably possible that the circumstances giving rise to the impossibility or impracticability may be removed prior to the expiration of the time period provided in this **Section 6.1(b)**, then such notification may not be given until such time as the removal of such circumstances is no longer reasonably possible or practicable within such time period; or

(c) at any time following October 1, 2008, by Seller or Purchaser upon notice to the other Party if the Closing shall not have occurred on or before such date and such failure to consummate is not caused by a breach of this Agreement by the terminating Party.

Section 6.2 **Effect of Termination or Breach Prior to Closing.** If this Agreement is validly terminated pursuant to Section 6.1, written notice thereof shall forthwith be given by the terminating Party to the other Party and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned without further action by the Parties hereto. If the Agreement is validly terminated as provided herein, (i) there shall be no liability or obligation on the part of Seller or Purchaser (or any of their respective Related Persons), except that the



provisions of **ARTICLE IX, ARTICLE X** and **Sections 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.9, 11.10, 11.11, 11.12, 11.13, 11.14 and 11.15** and this **Section 6.2** shall continue to apply following any such termination, and (ii) all filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, shall be withdrawn from the Governmental Authority or other Person to which they were made. Notwithstanding any other provision in this Agreement to the contrary, if this Agreement is validly terminated by Purchaser or Seller pursuant to **Section 6.1(b)** as a result of the willful breach by the other Party, the terminating Party may exercise such remedies as may be available at law or in equity.

## **ARTICLE VII**

**[Reserved]**

## **ARTICLE VIII**

### **SURVIVAL; NO OTHER REPRESENTATIONS**

Section 8.1 **Survival of Representations and Warranties.** The representations and warranties of Seller and Purchaser contained in this Agreement shall survive the Closing and shall expire on the date that is three (3) years after the Closing Date. Notwithstanding the preceding sentence, (i) the representations and warranties contained in **Sections 3.1.1, 3.1.2, 3.1.3, 3.1.8, 3.1.9, 3.1.12, 3.1.13, 3.2.1, 3.2.2, and 3.2.3** and the representations and warranties set forth in the Deeds shall survive indefinitely after the Closing (or 90 days after the statute of limitations runs). The covenants and agreements of the Parties contained in **ARTICLES II, IV and XI** of this Agreement shall survive the Closing for (i) the time period(s) set forth in the respective Sections contained in such Articles, or (ii) if no time period is so specified, until 90 days after the expiration of the applicable statute of limitations.

Section 8.2 **No Other Representations.** NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IT IS THE EXPLICIT INTENT OF EACH PARTY HERETO THAT, EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES CONTAINED IN **ARTICLE III** OR IN ANY CERTIFICATE, INSTRUMENT OR DOCUMENT DELIVERED BY SELLER AT CLOSING, NEITHER PARTY IS MAKING ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED REPRESENTATION OR WARRANTY AS TO CONDITION, MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE STATION, OR ANY PART THEREOF.

## **ARTICLE IX**

### **DISPUTE RESOLUTION**

Section 9.1 **Dispute Resolution.** Any dispute or claim arising under this Agreement that is not resolved in the ordinary course of business shall be referred to a panel consisting of a senior executive (President or a Vice President) of Purchaser and Seller, with authority to decide or resolve the matter in dispute, for review and resolution. Such senior executives shall meet and

in good faith attempt to resolve the dispute within 30 days. If the Parties are unable to resolve a dispute pursuant to this **Section 9.1**, either Party may enforce its rights at law or in equity subject to the provisions of this Agreement, including Section 9.2 below.

**Section 9.2 Submission to Jurisdiction; Waiver of Jury Trial.** Each Party hereto irrevocably submits to the exclusive jurisdiction of the federal court in the State of South Carolina for the purposes of any action arising out of or based upon this Agreement or relating to the subject matter hereof. If, for any reason, the Parties fail to qualify for the jurisdiction of the federal court in the State of South Carolina, then each Party hereto irrevocably submits to the exclusive jurisdiction of the state courts of the State of South Carolina for the purposes of any action arising out of or based on this Agreement or relating to the subject matter hereof. Each Party hereto further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth in **Section 11.1** shall be effective service of process for any action, suit or proceeding in South Carolina with respect to any matters to which it has submitted to jurisdiction in this **Section 9.2**. Each Party hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding in the federal court in South Carolina, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE TRANSACTION AGREEMENTS OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

## **ARTICLE X**

### **LIMITED REMEDIES AND DAMAGES**

**Section 10.1 Limitation of Liability.** NOTWITHSTANDING ANY OTHER PROVISION HEREOF, EXCEPT TO THE EXTENT RESULTING FROM ANY THIRD PARTY CLAIM OR FROM FRAUD OR WILLFUL MISCONDUCT, NO PARTY SHALL, UNDER ANY CIRCUMSTANCES, BE LIABLE UNDER THIS AGREEMENT OR THE TRANSACTION AGREEMENTS FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, WHETHER BY STATUTE, IN TORT OR CONTRACT OR OTHERWISE. THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES SHALL BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY.

**Section 10.2 Specific Performance.** EACH PARTY AGREES THAT DAMAGE REMEDIES SET FORTH IN THIS AGREEMENT MAY BE DIFFICULT OR IMPOSSIBLE TO CALCULATE OR OTHERWISE INADEQUATE TO PROTECT ITS INTERESTS AND THAT IRREPARABLE DAMAGE MAY OCCUR IN THE EVENT THAT PROVISIONS OF THIS AGREEMENT ARE NOT PERFORMED BY THE PARTIES IN ACCORDANCE WITH THE SPECIFIC TERMS OF THIS AGREEMENT. ANY PARTY MAY SEEK TO REQUIRE THE PERFORMANCE OF ANY OTHER PARTY'S OBLIGATIONS UNDER THIS AGREEMENT THROUGH AN ORDER OF SPECIFIC PERFORMANCE RENDERED BY

THE FEDERAL COURT IN THE STATE OF SOUTH CAROLINA OR THE STATE  
COURTS IN THE STATE OF SOUTH CAROLINA AS PROVIDED IN **SECTION 9.2.**

## **ARTICLE XI**

### **MISCELLANEOUS**

#### **Section 11.1 Notices.**

11.1.1 Unless this Agreement specifically requires otherwise, any notice, demand or request provided for in this Agreement, or served, given or made in connection with it, shall be in writing and shall be deemed properly served, given or made if delivered in person or sent by fax or sent by registered or certified mail, postage prepaid, or by a nationally recognized overnight courier service that provides a receipt of delivery, in each case, to a Party at its address specified below:

If to Purchaser, to:

Duke Energy Carolinas, LLC  
526 South Church Street, Mail Code EC2XA  
Charlotte, NC 28202  
Facsimile No.: (980) 373-5393  
Attn: Ellen T. Ruff, President

with a copy to:

Duke Energy Carolinas, LLC  
526 South Church Street, Mail Code EC03T  
Charlotte, NC 28202  
Facsimile No.: (980) 382-5090  
Attn: Paul R. Newton, GVP & General Counsel --  
U.S. Franchised Electric & Gas

If to Seller, to:

Saluda River Electric Cooperative  
P.O. Box 929  
Laurens, SC 29360  
Facsimile No.: (864) 682-3162 + (864) 761-7024  
Attn: Charles L. Compton

with a copy to:

Richardson\, Plowden\, Carpenter & Robinson\, P.A.  
1900 Barnwell Street, PO Box 7788  
Columbia, SC 29202  
Facsimile No.: (803) 779-0016  
Attn: Steven Hamm

**11.1.2 Effective Time.** Notice given by personal delivery, mail or overnight courier pursuant to this **Section 11.1** shall be effective upon physical receipt. Notice given by fax pursuant to this **Section 11.1** shall be effective as of (i) the date of confirmed delivery if delivered before 5:00 p.m. local time on any Business Day, or (ii) the next succeeding Business Day if confirmed delivery is after 5:00 p.m. local time on any Business Day or during any non-Business Day.

**Section 11.2 Payments.** Except for payments due at Closing, if either Party is required to make any payment under this Agreement on a day other than a Business Day, the date of payment shall be extended to the next Business Day. In the event a Party does not make any payment required or approved by the Parties under this Agreement on or before the due date, interest on the unpaid amount shall be due and paid at a rate that is the lesser of (a) the prime rate under "Money Rates" as reported in the Wall Street Journal on the first Business Day of the month (the "Prime Rate") plus two percent (2%) or (b) the maximum rate of interest permitted to be charged by applicable Law (such lesser rate, the "Default Rate") from the date such payment is due until the date such payment is made in full. Any payment of such interest at the Default Rate pursuant to this Agreement shall not excuse or cure any default hereunder. All payments shall first be applied to the payment of accrued but unpaid interest.

**Section 11.3 Entire Agreement.** This Agreement and the Transaction Agreements supersede all prior discussions and agreements between the Parties with respect to the subject matter hereof and thereof, including, in each case, all schedules and exhibits thereto, and contain the sole and entire agreement between the Parties hereto with respect to the subject matter hereof and thereof.

**Section 11.4 Expenses.** Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each Party will pay its own costs and expenses incurred in connection with the negotiation, execution and performance under this Agreement and the Transaction Agreements and the transactions contemplated hereby and thereby; provided, however, that the fee payable in connection with the filing required by the HSR Act shall be shared one-half by Seller and one-half by Purchaser.

**Section 11.5 Public Announcements.** Seller and Purchaser will not issue or make any press releases or similar public announcements concerning this Agreement or the transactions contemplated hereby without the consent of the other, which consent shall not be unreasonably withheld. If either Party is unable to obtain the approval of its press release or similar public statement from the other Party and such press release or similar public statement is, in the opinion of legal counsel to such Party, required by Law in order to discharge such Party's disclosure obligations, then such Party may make or issue the legally required press release or similar public statement and promptly furnish the other Party with a copy thereof. Seller and Purchaser will also obtain the other Party's prior approval, which approval shall not be unreasonably withheld, of any press release to be issued immediately following the execution of this Agreement or the Closing announcing either the execution of this Agreement or the consummation of the transactions contemplated by this Agreement.

**Section 11.6 Confidentiality.** Each Party hereto will hold, and will use commercially reasonable efforts to cause its Related Persons to hold, in strict confidence from any Person (other than any such Related Persons), unless (i) compelled to disclose by judicial or administrative process (including in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby of Governmental Authorities) or by other requirements of Law or necessary or desirable to disclose in order to obtain the PSCSC Approval, NRC Approval and FERC Approval or (ii) disclosed in an action or proceeding brought by a Party hereto in pursuit of its rights or in the exercise of its remedies hereunder, all documents and information concerning the other Party or any of its Related Persons furnished to it by the other Party or such other Party's Related Persons in connection with this Agreement or the transactions contemplated hereby, except to the extent that such documents or information can be shown to have been (a) previously known by the Party receiving such documents or information, (b) in the public domain (either prior to or after the furnishing of such documents or information hereunder) through no fault of such receiving Party or (c) later acquired by the receiving Party from another source if the receiving Party is not aware that such source is under an obligation to another Party hereto to keep such documents and information confidential. In the event the transactions contemplated hereby are not consummated, upon the request of the other Party, each Party hereto will, and will use commercially reasonable efforts to cause its Related Persons to, promptly (and in no event later than five Business Days after such request) destroy or cause to be destroyed all copies of confidential documents and information furnished by the other Party in connection with this Agreement or the transactions contemplated hereby and destroy or cause to be destroyed all notes, memoranda, summaries, analyses, compilations and other writings related thereto or based thereon prepared by the Party furnished such documents and information or its Related Persons. The obligations contained in this **Section 11.6** shall not survive Closing or, if this Agreement is terminated pursuant to **ARTICLE VI**, such obligations shall survive for one year following the termination of this Agreement.

**Section 11.7 Waivers.**

**11.7.1 Grant of Waivers.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

**11.7.2 Exercise of Remedies.** No failure or delay of any Party, in any one or more instances, (i) in exercising any power, right or remedy (other than failure or unreasonable delay in giving notice of default) under this Agreement or (ii) in insisting upon the strict performance by the other Party of such other Party's covenants, obligations or agreements under this Agreement, shall operate as a waiver, discharge or invalidation thereof, nor shall any single or partial exercise of any such right, power or remedy or insistence on strict performance, or any abandonment or discontinuance of steps to enforce such a right, power or remedy or to enforce strict performance, preclude any other or future exercise thereof or insistence thereupon or the

exercise of any other right, power or remedy. The covenants, obligations, and agreements of a defaulting Party and the rights and remedies of the other Party upon a default shall continue and remain in full force and effect with respect to any subsequent breach, act or omission.

Section 11.8 **Amendment**. This Agreement and any of the Transaction Agreements may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each Party hereto.

Section 11.9 **No Construction Against Drafting Party**. The language used in this Agreement is the product of both Parties' efforts, and each Party hereby irrevocably waives the benefits of any rule of contract construction that disfavors the drafter of a contract or the drafter of specific words in a contract.

Section 11.10 **No Third-Party Beneficiary**. The terms and provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

Section 11.11 **Headings**. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

Section 11.12 **Invalid Provisions**. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) Purchaser and Seller shall negotiate an equitable adjustment in the provisions of the Agreement with a view toward effecting the purposes of the Agreement, and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby.

Section 11.13 **Governing Law**. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA APPLICABLE TO A CONTRACT EXECUTED AND PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF.

Section 11.14 **Court Costs; Interest**. With respect to any court proceeding between the Parties, the non-prevailing Party shall pay the prevailing Party (i) all court costs, and (ii) pre- and post-judgment interest on the amount awarded from the date of the applicable breach until paid.

Section 11.15 **No Assignment; Binding Effect**. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any Party hereto without the prior written consent of the other Party hereto and any attempt to do so will be void, except for assignments and transfers by operation of Law. This Agreement is binding upon, inures to the benefit of and is enforceable by the Parties and their respective successors and assigns.

Section 11.16 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Each Party expressly acknowledges the effectiveness of facsimile signatures as originals.

[Signature Page Follows.]

**IN WITNESS WHEREOF**, Seller and Purchaser have caused this Agreement to be signed by their respective duly authorized officers as of the Effective Date.

**SALUDA RIVER ELECTRIC  
COOPERATIVE, INC.**

By: 

Name: Charles E. Compton

Title: President and CEO

**DUKE ENERGY CAROLINAS, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**IN WITNESS WHEREOF**, Seller and Purchaser have caused this Agreement to be signed by their respective duly authorized officers as of the Effective Date.

**SALUDA RIVER ELECTRIC  
COOPERATIVE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DUKE ENERGY CAROLINAS, LLC**

By: ELT Ruff  
Name: Ellen L. Ruff  
Title: President

Exhibit A

CATAWBA NUCLEAR STATION

DESCRIPTION OF UNIT 1 AND UNIT 2

UNIT NO. 1: All that parcel of land lying in York County, South Carolina, containing 10.25 acres, more or less, as shown on plat of survey entitled, "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at a point having a coordinate value of N-480,105.19 and E-1380,951.59 on the plane coordinate grid system for South Carolina established by the U. S. Coast and Geodetic Survey; thence S 1-11 W 470.0 ft. to a point; thence N 88-49 W 252.3 ft. to a point; thence S 1-11 W 69.0 ft. to a point; thence N 88-49 W 130.0 ft.; thence N 1-11 E 69.0 ft. to a point; thence N 88-49 W 560.0 ft. to a point; thence N 1-11 E 426.3 ft. to a point; thence S 88-49 E 126.6 ft. to a point; thence N 1-11 E 43.7 ft. to a point; thence S 88-49 E 815.7 ft. to the point of BEGINNING.

UNIT NO. 1 - COOLING TOWER YARD: All that parcel of land in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at a point located S 31-11 W 485.0 ft. from grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 ft. to a point; thence S 31-11 W 485.0 ft. to a point; thence N 58-49 W 1281.4 ft. to a point; thence N 31-11 E 485.0 ft. to the point of BEGINNING.

UNIT NO. 2: All that parcel of land lying in York County, South Carolina, containing 10.66 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence N 88-49 W 815.7 ft. to a point; thence N 1-11 E 43.7 ft. to a point; thence N 88-49 W 126.6 ft. to a point; thence N 1-11 E 446.3 ft. to a point; thence S 88-49 E 508.0 ft. to point; thence N 1-11 E 62.0 ft. to a point; thence S 88-49 E 132.0 ft. to a point; thence S 1-11 W 62.0 ft. to a point; thence S 88-49 E 302.3 ft. to a point; thence S 1-11 W 490.0 ft. to the point of BEGINNING.

UNIT NO. 2 - COOLING TOWER YARD: All that parcel of land in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 ft. to a point; thence S 31-11 W 485.0 ft. to a point; thence N 58-49 W 1281.4 ft. to a point, thence N 31-11 E 485.0 ft. to the point of BEGINNING.

Exhibit B

CATAWBA NUCLEAR STATION

DESCRIPTION OF SUPPORT FACILITY

SUPPORT FACILITY AREA: All that parcel of land in York County, South Carolina, containing 449.66 acres, more or less, as shown on plat of survey entitled, "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-482,581.56 and E-1380,286.70; thence N 5-01 W 311.9 ft. to a point; thence S 57-33 W 333.4 ft. to a point; thence N 7-01 E 246.3 ft. to a point, thence West 137.9 feet to a point; thence North 102.9 feet to a point; thence S 44-24 W 226.4 ft. to a point; thence N 75-48 W 1354.8 ft. to a point; thence N 47-03 E 280.1 ft. to a point; thence S 89-30 W 340.3 ft. to a point; thence S 47-29 W 325.6 ft. to a point; thence N 21-48 W 323.1 ft. to a point; thence S 87-24 W 220.2 ft. to a point; thence N 14.27 W 609.3 ft. to a point; thence S 53-50 E 460.8 ft. to a point; thence N 87-34 E 468.1 ft. to a point; thence S 67-34 E 386.3 ft. to a point; thence N 35-28 E 239.6 ft. to a point; thence S 31-42 E 313.2 ft. to a point; thence N 37-38 E 547.0 ft. to a point; thence S 73-30 E 314.2 ft. to a point; thence S 53-47 W 299.6 ft. to a point; thence S 26-48 E 217.4 ft. to a point; thence N 43-46 E 317.8 ft. to a point; thence S 47-30 E 154.5 ft. to a point; thence S 7-58 W 169.2 ft. to a point; thence S 84-27 E 328.0 ft. to a point; thence N 16-58 W 497.8 ft. to a point; thence S 62-31 E 297.8 ft.; thence N 5-20 E 290.8 ft. to a point; thence S 47-22 E 537.7 ft. to a point; thence N 47-35 E 111.7 ft. to a point on the westerly right of way limit of a sandclay road; thence following the right of way of said sandclay road the following courses and distances: S 48-21 E 247.3 ft. to a point; thence a curve to the right having a radius of 2815.54 feet, an arc distance of 118.6 feet to a point; thence S 45-56 E 191.5 ft. to a point; thence a curve to the right having a radius of 405.57 feet, an arc distance of 92.1 feet to a point; thence S 32-56 E 119.2 ft. to a point; thence a curve to the left having a radius of 50.00 feet, an arc distance of 120.5 feet to a point; thence a curve to the left having a radius of 93.77 feet to an arc distance of 151.2 ft. to a point; thence N 22-29 E 40.15 ft. to a point; thence a curve to the right having a radius of 133.11 feet an arc distance of 117.5 feet to a point; thence N 73-05 E 182.0 ft.

to a point; thence S 40-13 E 150.0 ft. to a point in contour elevation 570 feet above mean sea level, U.S.G.S. datum; thence following said contour 570 feet above mean sea level, U.S.G.S. datum, 1325 feet to a point on the nuclear exclusion area circle having a center point with a coordinate value of N-480,111.02 and E-1380,669.36 and a radius of 2500 feet; thence along the nuclear exclusion area circle an arc distance of 1910 feet to a point having a coordinate value of N-481,635.81 and E-1382,650.53; thence East 735.0 feet to the westerly right of way limit of a sandclay road; thence with the westerly right of way limit of said sandclay road a distance of 770.0 feet to a point; thence S 80-00 W 660.0 ft. to a point on the nuclear exclusion area circle; thence with the nuclear exclusion area circle an arc distance of 12,365 feet to the point of BEGINNING; LESS AND EXCEPT HOWEVER, Unit No. 1, Unit No. 2, Unit No. 1 Cooling Tower Yard, Unit No. 2 Cooling Tower Yard, and the Concord Cemetery Association Lot described as follows:

UNIT NO. 1: All that parcel of land lying in York County, South Carolina, containing 10.25 acres, more or less, as shown on plat of survey entitled, "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at a point having a coordinate value of N-480,105.19 and E-1380,951.59 on the plane coordinate grid system for South Carolina established by the U. S. Coast and Geodetic Survey; thence S 1-11 W 470.0 ft. to a point; thence N 88-49 W 252.3 ft. to a point; thence S 1-11 W 69.0 ft. to a point; thence N 88-49 W 130.0 ft.; thence N 1-11 E 69.0 ft. to a point; thence N 88-49 W 560.0 ft. to a point; thence N 1-11 E 426.3 ft. to a point; thence S 88-49 E 126.6 ft. to a point; thence N 1-11 E 43.7 ft. to a point; thence S 88-49 E 815.7 ft. to the point of BEGINNING.

UNIT NO. 1 - COOLING TOWER YARD: All that parcel of land in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at a point located S 31-11 W 485.0 ft. from grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 ft. to a point; thence S 31-11 W 485.0 ft. to a point; thence N 58-49 W 1281.4 ft. to a point; thence N 31-11 E 485.0 ft. to the point of BEGINNING.

UNIT NO. 2: All that parcel of land lying in York County, South Carolina, containing 10.66 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence N 88-49 W 815.7 ft. to a point; thence N 1-11 E 43.7 ft. to a point; thence N 88-49 W 126.6 ft. to a point; thence N 1-11 E 446.3 ft. to a point; thence S 88-49 E 508.0 ft. to a point; thence N 1-11 E 62.0 ft. to a point; thence S 88-49 E 132.0 ft. to a point; thence S 1-11 W 62.0 ft. to a point; thence S 88-49 E 302.3 ft. to a point; thence S 1-11 W 490.0 ft. to the point of BEGINNING.

UNIT NO. 2 - COOLING TOWER YARD: All that parcel of land in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 ft. to a point; thence S 31-11 W 485.0 ft. to a point; thence N 58-49 W 1281.4 ft. to a point; thence N 31-11 E 485.0 ft. to the point of BEGINNING.

CONCORD CEMETERY ASSOCIATION: All that parcel of land in York County, South Carolina, containing 0.52 acre, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,231.32 and E-1381,639.86; thence S 89-14 E 149.9 ft. to a point; thence S 0-56 W 149.9 ft. to a point; thence N 89-22 W 149.7 ft. to a point; thence N 0-52 E 150.2 ft. to the point of BEGINNING.

(The conveyance of the Support Facility Area will be made subject to right of way for access to Concord Cemetery Association and subject to a flood easement to Duke Power Company for the operation of the Lake Wylie Hydroelectric Project. Duke Power Company will reserve a transmission line right of way for all existing and proposed transmission lines.)

## **EXHIBIT C**

### **TERMINATION AGREEMENT**

This TERMINATION AGREEMENT (this "Agreement") is executed and delivered as of the Closing Date (defined below) by and between SALUDA RIVER ELECTRIC COOPERATIVE, INC., a South Carolina electric cooperative ("Seller") and DUKE ENERGY CAROLINAS, LLC, a North Carolina limited liability company ("Purchaser"). Seller and Purchaser are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, pursuant to that certain Asset Purchase Agreement dated December 20, 2006, by and between Seller and Purchaser (the "Asset Purchase Agreement"), Purchaser agreed to purchase from Seller the Purchased Assets (as defined in the Asset Purchase Agreement);

WHEREAS, Seller and Purchaser are parties to the Purchase, Construction and Ownership Agreement dated October 14, 1980, as amended (the "PCOA"), the Operating and Fuel Agreement dated October 14, 1980, as amended (the "OFA") and the Interconnection Agreement dated October 14, 1980, as amended (the "IA"), and together with the PCOA and OFA, the "Catawba Agreements"; and

WHEREAS, in connection with the Closing under the Asset Purchase Agreement, the Parties desire to terminate each of the Catawba Agreements.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Defined Terms. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement.

2. Termination of Catawba Agreements. The Parties agree that each of the Catawba Agreements is terminated effective as of the Closing Date and that, except as expressly provided herein, from and after the Closing Date, neither Party shall have any liabilities, rights, duties or obligations to the other Party under or in connection with the Catawba Agreements.

3. Reconciliation of Payments under OFA and IA. Notwithstanding Section 2 hereof, the Parties acknowledge that certain estimated payments made by Seller under the OFA and IA are subject to reconciliation in accordance with the terms and conditions of the OFA and IA. Within 60 days following the Closing Date, Purchaser shall prepare and deliver to Seller a statement that shall set forth (a) Seller's share of the actual costs, expenses, fees, charges or other amounts incurred or payable with respect to any estimated payments for which a reconciliation has not occurred, and (b) the difference between Seller's estimated payments and the actual costs, expenses, fees, charges or other amounts (the "Final Adjustment"). The Party owing the Final Adjustment shall pay the Final Adjustment to the other Party within 10 days following delivery of the statement by Purchaser by wire transfer of immediately available federal funds

denominated in U.S. dollars or in any other manner as reasonably requested by the payee. If Seller disputes the calculation of the Final Adjustment, the Parties shall attempt to resolve such dispute by good faith negotiation. Interest shall accrue on the Final Adjustment in accordance with the terms of the OFA and IA.

4. Security under OFA and IA. Seller agrees that any security provided by Seller under the OFA or IA, including any letter of credit or cash deposit, shall remain in full force and effect until the Final Adjustment is paid pursuant to Section 3.

5. Governing Law/Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the state of North Carolina applicable to a contract executed and performed in such state, without giving effect to the conflicts of laws principles thereof. Each Party hereto irrevocably submits to the exclusive jurisdiction of the federal court in the State of South Carolina for the purposes of any action arising out of or based upon this Agreement or relating to the subject matter hereof. If, for any reason, the Parties fail to qualify for the jurisdiction of the federal court in the State of South Carolina, then each Party hereto irrevocably submits to the exclusive jurisdiction of the state courts of the State of South Carolina for the purposes of any action arising out of or based on this Agreement or relating to the subject matter hereof. Each Party hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding in the federal court in South Carolina, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

6. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) Purchaser and Seller shall negotiate an equitable adjustment in the provisions of this Agreement with a view toward effecting the purposes of this Agreement, and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby.

7. Entire Agreement. This Agreement contains the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations and all prior oral or written representations, understandings, promises, commitments, and agreements between the Parties, except the Asset Purchase Agreement, with respect to the subject matter hereof. No term of this Agreement may be amended, waived, or otherwise modified except in a writing signed by both Parties.

8. No Waiver. Failure to insist on compliance with any term or provision contained in this Agreement shall not be deemed a waiver of that term or provision, nor shall any waiver or relinquishment of any right or power contained in this Agreement at any one time or more times be deemed a waiver or relinquishment of any right or power at any other time or times.



9. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Each Party expressly acknowledges the effectiveness of facsimile signatures as originals.

10. Further Actions. Each of the Parties agrees to take any and all actions reasonably necessary in order to effectuate the intent, and to carry out the provisions, of this Agreement.

11. IA Termination Letter. This Agreement supersedes the letter dated September 13, 2005 from Seller to Purchaser which provided notice of termination of the IA effective as of September 30, 2008. **[This section will be deleted if the Closing does not occur until September 30, 2008.]**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Closing Date.

SALUDA RIVER ELECTRIC  
COOPERATIVE, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DUKE ENERGY CAROLINAS, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT D**

### **BILL OF SALE**

This BILL OF SALE (this "Bill of Sale") is made effective as of the \_\_\_\_ day of \_\_\_\_\_, 200\_, by SALUDA RIVER ELECTRIC COOPERATIVE, INC., a South Carolina electric cooperative ("Seller"), to DUKE ENERGY CAROLINAS, LLC, a North Carolina limited liability company ("Purchaser").

WHEREAS, Seller and Purchaser have entered into an Asset Purchase Agreement dated as of December 20, 2006 (the "Asset Purchase Agreement"; capitalized terms used herein but not otherwise defined herein having the meanings given to such terms in the Asset Purchase Agreement) providing for, subject to the terms and conditions set forth therein, the sale, assignment, conveyance, transfer and delivery by Seller to Purchaser of the Purchased Assets.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby sells, assigns, conveys, transfers and delivers to Purchaser all of Seller's right, title and interest in and to the Purchased Assets.

This Bill of Sale is being executed and delivered pursuant and subject to the Asset Purchase Agreement. Nothing in this Bill of Sale shall, or shall be deemed to, defeat, limit, alter, impair, enhance or enlarge any right, obligation, claim or remedy created by the Asset Purchase Agreement. In the event of any conflict between this Bill of Sale and the Asset Purchase Agreement, the Asset Purchase Agreement shall control.

This Bill of Sale shall be binding upon Seller and its successors and permitted assigns and shall inure to the benefit of Purchaser and its successors and permitted assigns.

Upon the reasonable request of Purchaser, Seller agrees to execute and deliver to Purchaser such deeds, assignments and other instruments as may be reasonably requested by Purchaser and are required to effectuate completely the sale, assignment, conveyance, transfer and delivery to Purchaser of all of Seller's right, title and interest in and to the Purchased Assets.

This Bill of Sale shall be governed by and construed and enforced in accordance with the laws of the State of North Carolina without giving effect to the principles of conflicts of law thereof.

This Bill of Sale may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale to be executed and delivered as of this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

SALUDA RIVER ELECTRIC COOPERATIVE,  
INC.

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged and accepted as of this  
\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

DUKE ENERGY CAROLINAS, LLC

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT E**

**DEEDS**

See Attached

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF YORK )

TITLE TO REAL ESTATE

KNOW ALL MEN BY THESE PRESENTS, That SALUDA RIVER ELECTRIC COOPERATIVE, INC., a corporation organized under the laws of the State of South Carolina (hereinafter sometimes referred to as "Grantor"), in the State aforesaid, for and in consideration of the sum of Five and no/100 (\$5.00) Dollars and other valuable consideration, to the Grantor in hand paid at and before the sealing and delivery of these Presents, by DUKE ENERGY CAROLINAS, LLC, a limited liability company organized under the laws of the State of North Carolina (hereinafter sometimes referred to as "Grantee"), in the State aforesaid (the receipt whereof is hereby acknowledged), has granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release unto the said Grantee, its successors and assigns, a 13.4925% interest of Grantor's 18.75% undivided interest as tenants in common in the following described property:

UNIT NO. 1: All that parcel of land lying in York County, South Carolina, containing 10.25 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence S 1-11 W 470.0 feet to a point; thence N 88-49 W 252.3 feet to a point; thence S 1-11 W 69.0 feet to a point; thence N 88-49 W 130.0 feet to a point; thence N 1-11 E 69.0 feet to a point; thence N 88-49 W 560.0 feet to a point; thence N 1-11 E 426.3 feet to a point; thence S 88-49 E 126.6 feet to a point; thence N 1-11 E 43.7 feet to a point; thence S 88-49 E 815.7 feet to the point of BEGINNING.

**UNIT NO. 1 - COOLING TOWER YARD:** All that parcel of land lying in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at the southwesternmost corner of Unit No. 2-Cooling Tower Yard, said point being located S 31-11 W 485.0 feet from grid coordinate N-480,123.77 and E-1381,356.89; thence from said point S 58-49 E 1281.4 feet to a point; thence S 31-11 W 485.0 feet to a point; thence N 58-49 W 1281.4 feet to a point; thence N 31-11 E 485.0 feet to the point of BEGINNING.

This being a 13.4925% interest of Grantor's 18.75% undivided interest as tenants in common the property conveyed to the Grantor herein by Deed from Duke Power Company dated January 20, 1981 and recorded in the Office of the Register of Deeds for York County, South Carolina on February 6, 1981 in Deed Book 626, at page 615.

TMS No. 552-00-00-011

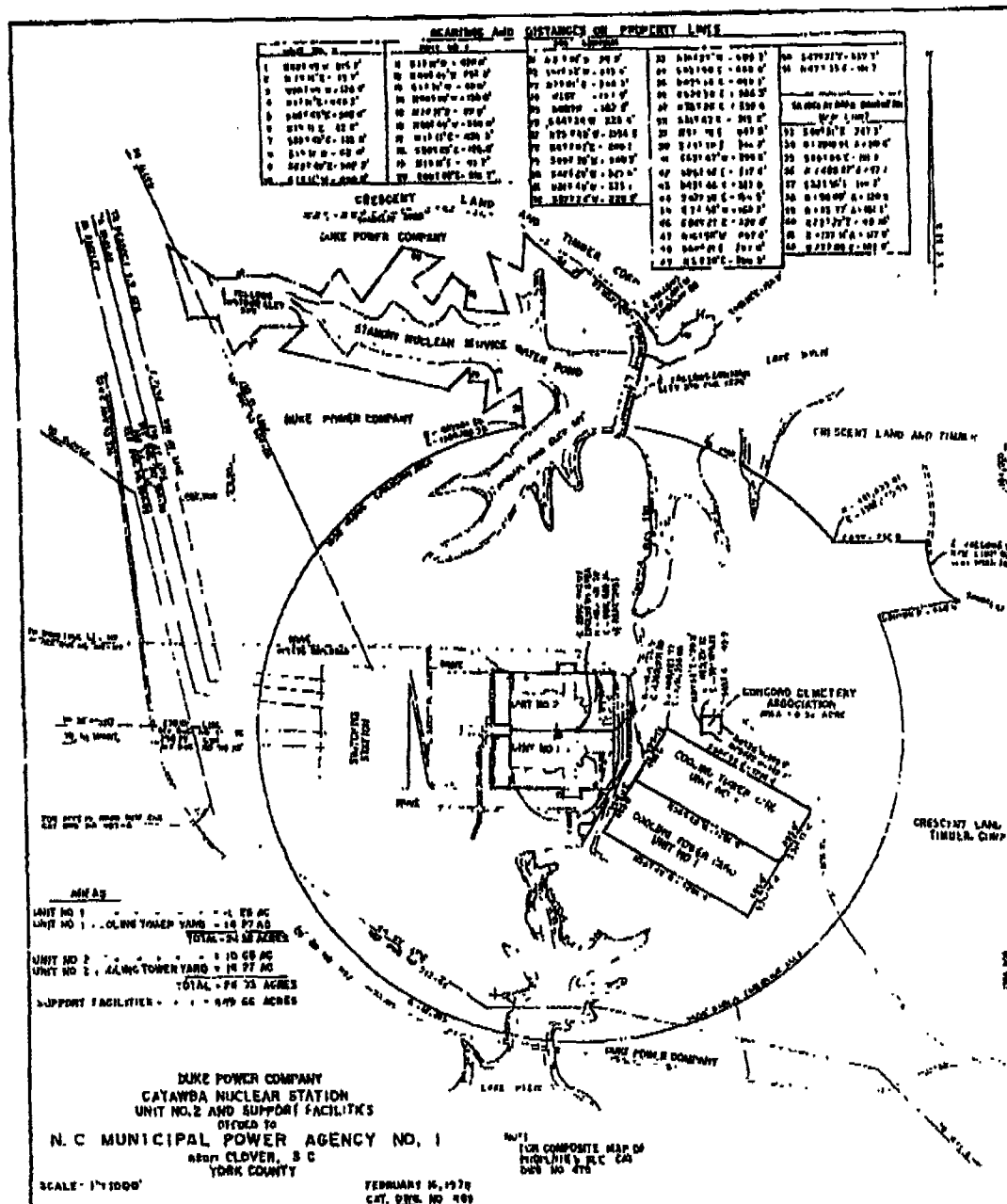
**THIS CONVEYANCE IS MADE SUBJECT TO** the easements, restrictions and conditions of record affecting the subject property, and such state of facts as would be disclosed by an accurate and current survey and inspection of the subject property. This conveyance is further made subject to Article 21 of the Purchase, Construction, and Ownership Agreement dated October 14, 1980, which provides that the parties waive any right to partition Unit 1 or the Support Facilities of the Catawba Nuclear Station, or any part thereof, so long as either of the Catawba Units shall not have been decommissioned and agree not to commence during such period any action of any kind seeking any form of partition with respect thereto.

Grantee's Address: \_\_\_\_\_

**TOGETHER** with all and singular the rights, members, hereditaments, and appurtenances to the said premises belonging, or in anywise incident or appertaining.

**TO HAVE AND TO HOLD**, all and singular the premises before mentioned unto the said Grantee, its successors and assigns forever, subject to easements and reservations hereinabove set out.





*Donald M. [Signature]*  
S.O.; R.L.S. No. 5257  
Duke Power Co.  
Charlotte, NC



STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF YORK )

TITLE TO REAL ESTATE

KNOW ALL MEN BY THESE PRESENTS, That SALUDA RIVER ELECTRIC COOPERATIVE, INC., a corporation organized under the laws of the State of South Carolina (hereinafter sometimes referred to as "Grantor"), in the State aforesaid, for and in consideration of the sum of Five and no/100 (\$5.00) Dollars and other valuable consideration, to the Grantor in hand paid at and before the sealing and delivery of these Presents, by DUKE ENERGY CAROLINAS, LLC, a limited liability company organized under the laws of the State of North Carolina (hereinafter sometimes referred to as "Grantee"), in the State aforesaid (the receipt whereof is hereby acknowledged), has granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release unto the said Grantee, its successors and assigns, a 6.74625% interest of Grantor's 9.375% undivided interest as tenants in common in the following described property:

All that parcel of land lying in York County, South Carolina, containing 449.66 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-482,581.56 and E-1380,286.70; thence N 5-01 W 311.9 feet to a point; thence N 7-01 E 246.3 feet to a point; thence West 137.9 feet to a point; thence North 102.9 feet to a point; thence S 44-24 W 226.4 feet to a point; thence N 75-48 W 1354.8 feet to a point; thence N 47-03 E 280.1 feet to a point; thence S 89-30 W 340.3 feet to a point; thence S 47-29 W 325.6 feet to a point; thence N 21-48 W 323.1 feet to a point; thence S 87-24 W 220.2 feet to a point;

thence N 14-27 W 609.3 feet to a point; thence S 53-50 E 460.8 feet to a point; thence N 87-34 E 468.1 feet to a point; thence S 67-34 E 386.3 feet to a point; thence N 35-28 E 239.6 feet to a point; thence S 31-42 E 313.2 feet to a point; thence N 37-38 E 547.0 feet to a point; thence S 73-30 E 314.2 feet to a point; thence S 54-47 W 299.6 feet to a point; thence S 26-48 E 217.4 feet to a point; thence N 43-46 E 317.8 feet to a point; thence S 47-30 E 154.5 feet to a point; thence S 7-58 W 169.2 feet to a point; thence S 84-27 E 328.0 feet to a point; thence N 16-58 W 497.8 feet to a point; thence S 62-31 E 297.8 feet to a point; thence N 5-20 E 290.8 feet to a point; thence S 47-22 E 537.7 feet to a point; N 47-35 E 111.7 feet to a point on the westerly right of way limit of a sandclay road; thence following the right of way of said sandclay road the following courses and distances: S 48-21 E 247.3 feet to a point; thence a curve to the right having a radius of 2815.54 feet, an arc distance of 118.6 feet to a point; thence S 45-56 E 191.5 feet to a point; thence a curve to the right having a radius of 405.57 feet, an arc distance of 92.1 feet to a point; thence S 32-56 E 119.2 feet to a point; thence a curve to the left having a radius of 50.00 feet, an arc distance of 120.5 feet to a point; thence a curve to the left having a radius of 93.77 feet, an arc distance of 151.2 feet to a point; thence N 22-29 E 40.15 feet to a point; thence a curve to the right having a radius of 133.11 feet, an arc distance of 117.5 feet to a point; thence N 73-05 E 182.0 feet to a point; thence S 40-13 E 150.0 feet to a point in contour elevation 570 feet above mean sea level, U.S.G.S. datum; thence following said contour 570 feet above mean sea level, U.S.G.S. datum, 1325 feet to a point on the nuclear exclusion area circle having a center point with a coordinate value of N-480,111.02 and E-1380,669.36 and a radius of 2500 feet; thence along the nuclear exclusion area circle an arc distance of 1910 feet to a point; having a coordinate value of N-481,635.81 and E-1382,650.53; thence East 735.0 feet to the westerly right of way limit of a sandclay road; thence with the westerly right of way of said sandclay road a distance of 770.0 feet to a point; thence S 80-00 W 660.0 feet to a point on the nuclear exclusion area circle; thence with the nuclear exclusion area circle an arc distance of 12,365 feet to the POINT OF BEGINNING.

LESS AND EXCEPTING HOWEVER, Unit No. 1, Unit No. 2, Unit No. 1 Cooling Tower Yard, Unit No. 2 Cooling Tower Yard, and the Concord Cemetery Association Lot described as follows:

UNIT NO. 1: All that parcel of land lying in York County, South Carolina, containing 10.25

acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence S 1-11 W 470.0 feet to a point; thence N 88-49 W 252.3 feet to a point; thence S 1-11 W 69.0 feet to a point; thence N 88-49 W 130.0 feet to a point; thence N 1-11 E 69.0 feet to a point; thence N 88-49 W 560.0 feet to a point; thence N 1-11 E 426.3 feet to a point; thence S 88-49 E 126.6 feet to a point; thence N 1-11 E 43.7 feet to a point; thence S 88-49 E 815.7 feet to the point of BEGINNING.

**UNIT NO. 1 - COOLING TOWER YARD:** All that parcel of land lying in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at the southwesternmost corner of Unit No. 2-Cooling Tower Yard, said point being located S 31-11 W 485.0 feet from grid coordinate N-480,123.77 and E-1381,356.89; thence from said point S 58-49 E 1281.4 feet to a point; thence S 31-11 W 485.0 feet to a point; thence N 58-49 W 1281.4 feet to a point; thence N 31-11 E 485.0 feet to the point of BEGINNING.

**UNIT NO. 2:** All that parcel of land lying in York County, South Carolina, containing 10.66 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence N 88-49 W 815.7 feet to

a point; thence N 1-11 E 43.7 feet to a point; thence N 88-49 W 126.6 feet to a point; thence N 1-11 E 446.3 feet to a point; thence S 88-49 E 508.0 feet to a point; thence N 1-11 E 62.0 feet to a point; thence S 88-49 E 132.0 feet to a point; thence S 1-11 W 62.0 feet to a point; thence S 88-49 E 302.3 feet to a point; thence S 1-11 W 490.0 feet to the point of BEGINNING.

**UNIT NO. 2 - COOLING TOWER YARD:** All that parcel of land lying in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 feet to a point; thence S 31-11 W 485.0 feet to a point; thence N 58-49 W 1281.4 feet to a point; thence N 31-11 E 485.0 feet to the point of BEGINNING.

**CONCORD CEMETERY ASSOCIATION:** All that parcel of land lying in York County, South Carolina, containing 0.52 acre, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,231.32 and E-1381,639.86; thence S 89-14 E 149.9 feet to a point; thence S 0-56 W 149.9 feet to a point; thence N 89-22 W 149.7 feet to a point; thence N 0-52 E 150.2 feet to the point of BEGINNING.

This being a 6.74625% interest of Grantor's 9.375% undivided interest as tenants in common the property conveyed to the Grantor herein by Deed from Duke Power Company dated January 20, 1981 and recorded in the Office of the Register of Deeds for York County, South Carolina on February 6, 1981 in Deed Book 626, at page 621.

TMS No. 552-00-00-010

**THIS CONVEYANCE IS MADE SUBJECT TO** the easements, restrictions and conditions of record affecting the subject property, and such state of facts as would be disclosed by an accurate and current survey and inspection of the subject property. This conveyance is further made subject to Article 21 of the Purchase, Construction, and Ownership Agreement dated October 14, 1980, which provides that the parties waive any right to partition Unit 1 or the Support Facilities of the Catawba Nuclear Station, or any part thereof, so long as either of the Catawba Units shall not have been decommissioned and agree not to commence during such period any action of any kind seeking any form of partition with respect thereto. This conveyance is further made subject to a right of way in favor of the Concord Cemetery Association for access to the Concord Cemetery Lot heretofore described as an exception to the tract conveyed in fee above.

Grantee's Address: \_\_\_\_\_

**TOGETHER** with all and singular the rights, members, hereditaments, and appurtenances to the said premises belonging, or in anywise incident or appertaining.

**TO HAVE AND TO HOLD**, all and singular the premises before mentioned unto the said Grantee, its successors and assigns forever, subject to easements and reservations hereinabove set out.

And the Grantor does hereby bind itself and its successors, to warrant and forever defend all and singular the said premises unto the said Grantee and the Grantee's successors and assigns, against the Grantor and the Grantor's successors and against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

**IN WITNESS WHEREOF** Saluda River Electric Cooperative, Inc. has caused these presents to be executed in its name by \_\_\_\_\_, its \_\_\_\_\_ and authorized signatory as of the \_\_\_\_\_ day of \_\_\_\_\_, in the year of our Lord Two Thousand Six (2006).

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF:

SALUDA RIVER ELECTRIC COOPERATIVE,  
INC.

BY: \_\_\_\_\_ (SEAL)

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_  
and authorized signatory

STATE OF SOUTH CAROLINA )  
COUNTY OF LAURENS )

P R O B A T E

PERSONALLY APPEARED BEFORE ME the undersigned witness, who being duly sworn, deposes and says that s/he saw the within-named SALUDA RIVER ELECTRIC COOPERATIVE, INC. by \_\_\_\_\_, its \_\_\_\_\_ and authorized signatory, sign, seal and as its act and deed deliver the within-written instrument for the uses and purposes therein mentioned, and that s/he with the other witness subscribing above, witnessed the execution thereof.

SWORN TO BEFORE ME THIS \_\_\_\_\_ )

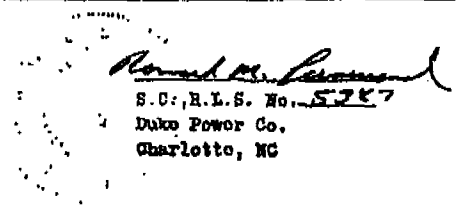
day of \_\_\_\_\_, 2006 )

(L.S.) )

Notary Public for South Carolina )

My Commission Expires: \_\_\_\_\_ )

\_\_\_\_\_  
(witness)



Schedule 1.1  
Permitted Liens

**CATAWBA NUCLEAR PLANT, YORK COUNTY, S.C.:** AS TO SALUDA RIVER ELECTRIC COOPERATIVE, INC. UNDIVIDED INTEREST IN AND TO Unit No. 1 10.25 Acres, Unit No. 1 - Cooling Tower Yard 14.27 Acres and 449.66 Acres Support Facility Area, limited to matters recorded in the Office of the Register of Deeds for York County, South Carolina and the UCC-Division of the South Carolina Secretary of State, between February 6, 1981 and December 12, 2006:

1. Taxes, User fee, if any, and assessments for the year 2006, which are a lien, and now due and payable, and all subsequent years taxes, which are a lien but not yet due and payable.
2. Any taxes assessed under the rollback provisions of §12-43-220(D-4) South Carolina Code of Laws 1976, as amended.
3. Easements, or claims of easements not shown by the public records.
4. Encroachments, overlaps, boundary line disputes, access, deficiency in quantity of land, and any other matter which would be disclosed by a current and accurate survey and inspection of the subject property.
5. Rights and claims of parties in possession not shown by the public records.
6. Any lien, or right to a lien, for services, labor or materials heretofore or hereafter furnished, imposed by law and not shown in the public records.
7. Waiver of right to partition as set forth in Deed from Duke Power Company to Saluda River Electric Cooperative, Inc. dated February 6, 1981 and recorded in **Deed Book 626, at page 615** and in **Deed Book 626, at page 621**.
8. Reservations, rights, privileges and easements in favor of Duke Power Company, and right of way in favor of Concord Cemetery Association for access to the Concord Cemetery Lot contained in Deed from Duke Power Company to Saluda River Electric Cooperative, Inc. dated February 6, 1981 and recorded in **Deed Book 626, at page 621**.
- \*\*9.** Mortgage from Saluda River Electric Cooperative, Inc. to the United States of America through Rural Electrification Administration dated January 15, 1981, recorded February 6, 1981 in **Mortgage Book 579, at page 541** in the Office of the Clerk of Court for York County, South Carolina; supplemented by Supplemental Mortgage dated as of November 1, 1984, recorded in **Mortgage Book 786, at page 183**, amended by Amendment dated as of September 1, 1993 to Supplemental Mortgage recorded in **Mortgage Book 799, at page 13**, by Amendment dated as of February 24, 1994 recorded in **Mortgage Book 945, at page 53** and by Amendment



dated as of January 1, 1998 and recorded January 6, 1998 in **Record Book 2096**, at **page 325** and by Fourth Amendment dated as of April 30, 1999 and recorded in **Record Book 2725**, at **page 215**; supplemented by Supplemental Mortgage and Assignment Agreement dated as of April 15, 1999, recorded in **Record Book 2685**, at **page 1**.

- \*\*10.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of U.S. of America; Federal Financing Bank through Rural Electrification Administration U.S. Department of Agric., filed with the South Carolina Secretary of State's Office on January 20, 1981 at **File No. 0007-4376**; amended 05/10/99 at **File No. 990510-134506A**, partial release 05/10/99 at **File No. 990510-134954A**.
- \*\*11.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of: **(a)** USA through REA US Dept. of Agriculture and Nat'l Bank of Cooperatives, filed with the South Carolina Secretary of State's Office on September 8, 1993 at **File No. 930908-105048A**, amended 01/06/98 at **File No. 980106-124157C**, partial release 01/06/98 at **File No. 980106-160327C**, partial release 05/10/99 at **File No. 990510-135341A**, amended 06/10/99 at **File No. 990610-140021A**, amended 06/10/99 at **File No. 990610-143115A**, partial release 06/13/00 at **File No. 000613-091644A**, partial release 08/02/00 at **File No. 000802-094521A**, amended 04/22/03 at **File No. 030422-1051233**; and **(b)** Rural Electrification Administration and National Rural Utilities, filed with the South Carolina Secretary of State's Office on February 28, 1994 at **File No. 940228-134614A**, amended 01/06/98 at **File No. 980106-123700C**, partial release 01/06/98 at **File No. 980106-160310C**, partial release 05/10/99 at **File No. 990510-135312A**, amended 06/10/99 at **File No. 990610-135910A**, amended 06/10/99 at **File No. 990610-142604A**, partial release 06/13/00 at **File No. 000613-091453A**, partial release 08/02/00 at **File No. 000802-094552A**, amended 04/22/03 at **File No. 030422-1051551**.
- \*\*12.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of United States of America acting by and through the Administrator of the Rural Utilities Service filed with the York County Register of Deeds Office at **Book 98**, at **page 35**, amended 04/24/03 at **File No. 2003**, **page 258** and in **Record Book 5211**, at **page 164**.
- \*\*13.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of United States of America acting by and through the National Rural Utilities Cooperative Finance filed with the South Carolina Secretary of State's Office on 01/06/98 at **File No. 980106-123723C**, partial release 05/10/99 at **File No. 990510-135416A**, amended 06/10/99 at **File No. 990610-1357500A**, amended 06/10/99 at **File No. 990610-142028A**, partial release 06/13/00 at **File No. 000613-091542A**, partial release 08/02/00 at **File No. 000802-093741A**, amended 04/22/03 at **File No. 030422-1052154**.
- \*\*14.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of United States of America acting by and through the Administrator of the

Rural Utilities Service filed with the South Carolina Secretary of State's Office on 11/02/00 at **File No. 001102-113927A**.

15. Facility Operating License, as Amended by Amendment to Facility Operating License dated February 26, 2002 and recorded in the Office of the Register of Deeds for York County, SC in **Record Book 404, at page 228**.
16. Unrecorded Lease Agreement by and between Duke Power Company, LLC, North Carolina Municipal Power Agency Number 1, North Carolina Electric Membership Corporation, Piedmont Municipal Power Agency and Saluda River Electric Cooperative, Inc., as Joint Owners and Lessor, and The Lake Wylie Marine Commission, as Lessee.
17. It should be noted that the Purchase, Construction and Ownership Agreement dated October 14, 1980, as amended, by and between Duke Power Company and North Carolina Electric Membership Corporation, and other agreements referred to therein, contains a "right of first refusal" provision in favor of "Third Party", as defined in said Purchase, Construction and Ownership Agreement, and the possibility of outstanding rights of first refusal.

**\*\* To be released at Closing**

**Schedule 3.1**

**Seller's Disclosure Schedule**

**Section 3.1**  
**Knowledge**

1. **Charles Compton, President and CEO of Saluda River Electric Cooperative**

**Section 3.1.5**  
**Seller Approvals**

1. Approval by Public Service Commission of South Carolina
2. Approval by Administrator, RUS, Department of Agriculture
3. Approval by the Nuclear Regulatory Commission
4. Expiration of the waiting period under the Hart-Scott-Rodino Act

**Section 3.1.7**  
**Violation of Laws**

**1. None**

**Section 3.1.10**  
**Contracts**

1. Lease Agreement between Duke Power Company, LLC, North Carolina Municipal Power Agency Number 1, North Carolina Electric Membership Corporation, Piedmont Municipal Power Agency and Saluda River Electric Cooperative, Inc., as Joint Owners and Lessor, and The Lake Wylie Marine Commission, as Lessee
2. Debt Restructuring Agreement dated April 3, 1999

**Section 3.1.11**  
**Permits**

1. Renewed Facility Operating License NO. NPF-35 for Catawba Unit 1 issued by the Nuclear Regulatory Commission on December 5, 2003 and subsequently amended to reflect the name change of the licensee from Duke Energy Corporation to Duke Power Company LLC on February 7, 2006.



**Schedule 3.2**

**Purchaser's Disclosure Schedule**

**Section 3.2**  
**Knowledge**

1. **Paul Newton, Group Vice President and General Counsel, Franchised Electric and Gas.**

**Section 3.2.5**  
**Approvals and Filings**

1. Approval by Public Service Commission of South Carolina
2. Approval by the Federal Energy Regulatory Commission
3. Approval by the Nuclear Regulatory Commission
4. Expiration of the waiting period under the Hart-Scott-Rodino Act

## EXHIBIT B

**ASSET PURCHASE AGREEMENT**

**by and between**

**SALUDA RIVER ELECTRIC COOPERATIVE, INC.**

**as Seller**

**and**

**NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATION**

**as Purchaser**

**December 20, 2006**

## ASSET PURCHASE AGREEMENT

**THIS ASSET PURCHASE AGREEMENT** is made and entered into effective as of December \_\_\_\_, 2006 (the "Effective Date"), by and between **SALUDA RIVER ELECTRIC COOPERATIVE, INC.**, a South Carolina electric cooperative ("Seller"), and **NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATION**, a North Carolina nonprofit corporation ("Purchaser" or "NCEMC"). Seller and Purchaser are also each referred to herein as a "Party" and collectively as the "Parties."

### RECITALS

WHEREAS, Purchaser and Seller each have an ownership interest in the nuclear-fueled generation facility known as Catawba Nuclear Station located on Lake Wylie in York County, South Carolina (the "Station");

WHEREAS, Duke Energy Carolinas, LLC ("Duke") and Seller are parties to a certain Purchase, Construction and Ownership Agreement dated October 14, 1980, as amended (the "PCOA") under which Seller acquired an 18.75 percent undivided ownership interest in Unit 1 (as defined below) of the Station and a 9.375 percent undivided ownership interest in the Support Facilities (as defined below) (collectively "Seller's Interest");

WHEREAS, Seller has agreed to sell 71.96 percent of Seller's Interest to Duke under a separate purchase agreement and 28.04 percent of Seller's Interest to NCEMC under this Agreement;

WHEREAS, the Rural Utilities Service ( "RUS") is a lender of Seller acting pursuant to the Debt Restructuring Agreement dated April 30, 1999, between the United States of America, acting by and through the Administrator of RUS, and Seller, as amended (the "Debt Restructuring Agreement") and supports the sale of Seller's Interest to Duke and NCEMC; and

WHEREAS, the Parties have determined to set forth in this Agreement the terms and conditions of their agreements regarding the foregoing.

### AGREEMENTS

NOW, THEREFORE, in consideration of the Recitals set forth above, the respective covenants and agreements of the Parties herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties, intending to be legally bound, do hereby agree as follows:

## ARTICLE I

### DEFINITIONS; USAGE

Section 1.1 **Definitions**. Unless the context shall otherwise require, capitalized terms used in this Agreement shall have the meanings assigned to them in this **Section 1.1**.

**"Accounts"** has the meaning given to it in **Section 2.1.1(b)**.

**"Affiliate"** of any Person means any other Person directly or indirectly Controlling, directly or indirectly Controlled by or under direct or indirect common Control with such Person. Seller has no Affiliates.

**"Agreement"** means this Asset Purchase Agreement by and between Seller and Purchaser, as amended from time to time.

**"Assumed Liabilities"** has the meaning given to it in **Section 2.1.3**.

**"Bill of Sale"** has the meaning given to it in **Section 2.4.1(b)(ii)**.

**"Business Day"** means any day except Saturday, Sunday or a weekday that banks in Charlotte, North Carolina or New York, New York are closed.

**"Catawba Agreements"** means the IA, OFA and PCOA by and between Seller and Duke.

**"Closing"** has the meaning given to it in **Section 2.4**.

**"Closing Date"** means the date on which the Closing occurs.

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"Control"** of any Person means the possession, directly or indirectly, of the power either to (a) vote more than fifty percent (50%) of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of such Person or (b) direct or cause the direction of management or policies of such Person, whether through the ownership of voting securities or interests, by contract or otherwise.

**"Debt Restructuring Agreement"** has the meaning given to it in the Recitals to this Agreement.

**"Deeds"** has the meaning given to it in **Section 2.4.1(b)(iii)**.

**"Default Rate"** has the meaning given to it in **Section 11.2**.

**"DOE"** means the Department of Energy.

**"Duke"** has the meaning given to it in the Recitals to this Agreement.

**"Duke Asset Purchase Agreement"** means the Asset Purchase Agreement of even date herewith by and between Seller and Duke.

**"Effective Date"** has the meaning given to it in the preamble to this Agreement.

**"Environmental Law"** means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the Federal Water Pollution Control Act, 33

U.S.C. Section 1251 et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1471 et seq.; the Toxic Substances Control Act, 15 U.S.C. Sections 2601 through 2629; the Oil Pollution Act, 33 U.S.C. Section 2701 et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Section 11001 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300f through 300j; N.C. Gen. Stat. § 130A-310.1 et seq.; N.C. Gen. Stat. § 143-214.1 et seq.; N.C. Gen. Stat. § 143-215.1 et seq.; N.C. Gen. Stat. § 143-215.81 et seq.; N.C. Gen. Stat. § 143-215.94A et seq.; N.C. Gen. Stat. § 130A-309.15 et seq.; N.C. Gen. Stat. § 130A-310.9 et seq.; and all other Laws that relate to or otherwise address Hazardous Materials, protection of human health, safety or the environment and all amendments to and all regulations implementing any of the foregoing, all as may be amended from time to time.

“Excluded Assets” has the meaning given to it in **Section 2.1.2**.

“Excluded Liabilities” has the meaning given to it in **Section 2.1.4**.

“Federal Power Act” means the Federal Power Act of 1935, as amended, and the regulations thereunder.

“FERC” means the Federal Energy Regulatory Commission.

“FERC Approval” means the order issued by FERC under Section 203 of the Federal Power Act that approves the sale and purchase of the assets being sold to Duke as contemplated by the Duke Asset Purchase Agreement.

“Fuel Inventory” has the meaning given to it in **Section 2.1.1(c)**.

“Governmental Authority” means any federal, state or local governmental entity, authority or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof).

“Hazardous Materials” means (i) any substance, emission or material, now or hereafter defined as, listed as or specified in a Law as a “pollutant,” “contaminant,” “regulated substance,” “hazardous substance,” “toxic substance,” “pesticide,” “hazardous waste,” “hazardous material” or any similar or like classification or categorization under any Law including by reason of ignitability, corrosivity, reactivity, carcinogenicity or reproductive or other toxicity of any kind, (ii) any product or substance that includes or contains petroleum, asbestos, or polychlorinated biphenyls and (iii) any substance, emission or material determined to be hazardous or harmful.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder.

“IA” means the Interconnection Agreement dated October 14, 1980, by and between Seller and Duke, as amended.

“Independent Accounting Firm” means a nationally recognized certified public accounting firm chosen jointly by Seller and Purchaser.



"Knowledge" or any similar phrase in this Agreement means (i) in the case of Seller, the actual knowledge of Seller's officers and employees listed in Section 3.1 of Seller's Disclosure Schedule, and (ii) in the case of Purchaser, the actual knowledge of Purchaser's officers and employees listed in Section 3.2 of Purchase's Disclosure Schedule; provided, however, a Party shall be deemed to have Knowledge of a matter of which such Party has received written notice.

"Law" means any statute, law, treaty, rule, code, common law, ordinance, regulation, permit, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority.

"Liability" means any indebtedness, obligation and other liability of a Person (whether absolute, accrued, contingent, fixed or otherwise, and whether due or to become due).

"Lien" means any pledge, deed of trust, mortgage, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security grant or agreement of any kind or nature whatsoever, including without any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, or the filing of any financing statement or similar instrument under the Uniform Commercial Code as in effect in any relevant jurisdiction or comparable law of any jurisdiction, domestic or foreign, and any other lease, and any easement, restriction, condition, covenant, right-of-way or other encumbrance or title exception.

"Lien Releases" means such UCC termination statements and release of lien instruments in recordable form as may be necessary to evidence, effective on or before Closing, the termination and release of any and all financing statements, security agreements, deeds of trust or mortgages which encumber the Purchased Assets and which secure indebtedness of Seller or its Affiliates as of Closing.

"Material Adverse Effect" means a material adverse effect on (a) the Station or the Purchased Assets, (b) the ability of Seller to perform its obligations under this Agreement or any of the other Transaction Agreements, or (c) the validity or enforceability of this Agreement or any of the other Transaction Agreements, or the rights or remedies of Purchaser hereunder or thereunder; provided, however, that the term "Material Adverse Effect" shall not include any change to the extent such change results from changes in general international, national or regional economic, financial or market conditions or the market price of electricity.

"NCEMC" has the meaning given to it in the Recitals to this Agreement.

"NCEMC Catawba Agreements" means the Purchase, Construction, and Ownership Agreement dated October 14, 1980, between Duke and NCEMC, as amended, the Interconnection Agreement dated October 14, 1980, between Duke and NCEMC, as amended, and the Operating and Fuel Agreement dated October 14, 1980, between Duke and NCEMC, as amended.

"NCEMC Power Purchase Agreement" means the Power Purchase Agreement of even date herewith by and between Duke and NCEMC.

"NRC" means the Nuclear Regulatory Commission.

**"NRC Approval"** means the order issued by the NRC that approves the transfer of Seller's ownership license, Renewed License NPF-35 for Catawba Nuclear Station, Unit 1, to Purchaser.

**"OFA"** means the Operating and Fuel Agreement dated October 14, 1980, by and between Seller and Duke, as amended.

**"Party"** or **"Parties"** has the meaning given to it in the preamble to this Agreement.

**"PCOA"** has the meaning given to it in the Recitals to this Agreement.

**"Permits"** means permits, licenses, approvals, certificates and other authorizations of any Governmental Authority.

**"Permitted Liens"** means (i) those exceptions to title listed in Schedule 1.1 as of the date hereof, (ii) liens for Taxes or other governmental charges or assessments not yet due and delinquent or the validity of which is being contested in good faith by appropriate proceedings, (iii) mechanics', carriers', workers', repairers' and other similar liens and rights arising or incurred in the ordinary course of business for amounts not yet due and payable or the validity of which is being contested in good faith by appropriate proceedings, (iv) zoning, entitlement, conservation restrictions and other land use and environmental regulations by any Governmental Authority, and (v) any consensual Lien that secures indebtedness of Seller but only to the extent such Lien shall be discharged and released in full at Closing.

**"Person"** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, limited liability company, unincorporated organization, Governmental Authority or any other form of legal entity.

**"Prime Rate"** has the meaning given to it in **Section 11.2**.

**"Property Taxes"** has the meaning given to it in **Section 2.2.2**.

**"PSCSC"** means the Public Service Commission of South Carolina.

**"PSCSC Approval"** means the order issued by the PSCSC that approves an amendment of the Certificate of Public Convenience and Necessity for the Station to reflect Seller's transfer of the Purchased Assets to Purchaser.

**"Purchase Price"** has the meaning given to it in **Section 2.2.1**.

**"Purchased Assets"** has the meaning given to it in **Section 2.1.1**.

**"Purchaser"** has the meaning given to it in the preamble to this Agreement.

**"Purchaser's Disclosure Schedule"** means the schedule delivered to Seller by Purchaser herewith and dated as of the Effective Date, containing all lists, descriptions, exceptions and other information and materials as are required to be included therein by Purchaser pursuant to this Agreement, attached hereto as Schedule 3.2.

**"Real Property"** means the real property upon which the Station is located, together with all buildings, structures and other improvements constructed thereon; rights, title and interests of Seller in and to all other easements, benefits, privileges and other rights appurtenant to such real property or in any way appertaining thereto, and all strips and gores and any land lying in the bed of any street or road open or closed adjoining such real property.

**"Related Agreements"** means the Duke Asset Purchase Agreement, the NCEMC Power Purchase Agreement and amendments to the NCEMC Catawba Agreements.

**"Related Person"** means with respect to any Person, such Person's Affiliates, and the employees, officers, directors, agents, representatives, licensees and invitees of such Person and its Affiliates.

**"Required Consents"** means all consents required to be obtained from Governmental Authorities and third parties in connection with the transactions contemplated by this Agreement and the other Transaction Agreements, including all such consents as set forth on **Section 3.1.5** of Seller's Disclosure Schedule.

**"RUS"** has the meaning given to it in the Recitals to this Agreement.

**"Seller"** has the meaning given to it in the preamble to this Agreement.

**"Seller's Disclosure Schedule"** means the schedule delivered to Purchaser by Seller herewith and dated as of the Effective Date, containing all lists, descriptions, exceptions and other information and materials as are required to be included therein by Seller pursuant to this Agreement and attached hereto as **Schedule 3.1**.

**"Seller's Interest"** has the meaning given to it in the Recitals to this Agreement.

**"Settlement Agreement"** means the Settlement Agreement of even date herewith between Duke, NCEMC and the RUS..

**"Spare Parts Inventory"** has the meaning given to it in **Section 2.1.1(e)**.

**"Station"** has the meaning given to it in the Recitals to this Agreement.

**"Station Permits"** has the meaning given to it in **Section 3.1.11**.

**"Station Settlement Agreements"** means (i) the Release and Settlement Agreement dated March 13, 1994 by and between Duke Power Company, Seller, NCEMC, North Carolina Municipal Power Agency Number 1, Piedmont Municipal Power Agency and Westinghouse Electric Corporation, as amended by the Release and Settlement agreement Amendment dated June 30, 2000 by and between Duke Energy Corporation, Viacom Inc., Westinghouse Electric Company LLC and British Nuclear Fuels plc, (ii) any settlement agreement entered into with the Department of Justice with respect to the spent fuel litigation described in Duke Power, A Division of Duke Energy Corp., v. The United States, filed May 1, 2006, US Court of Federal Claims, Docket No. 98-485C, Case 1:98-cv-00485-JPW, John P. Wiese, Judge and (iii) any other settlement agreement related to the Station.

**“Support Facilities”** means all facilities at the Station, as described in **Exhibit B** attached hereto, which are not part of or identified with Unit 1 or Unit 2, any part of which being referred to as a Support Facility.

**“Tax”** or **“Taxes”** means any and all taxes, including any interest, penalties, or other additions to tax that may become payable in respect thereof, imposed by any federal, state, local, or foreign government or any agency or political subdivision of any such government, which taxes shall include all income taxes, profits taxes, taxes on gains, alternative minimum taxes, estimated taxes, payroll and employee withholding taxes, unemployment insurance taxes, social security taxes, welfare taxes, disability taxes, severance taxes, license charges, taxes on stock, sales and use taxes, ad valorem taxes, value-added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real or personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers’ compensation taxes, and other taxes, fees, duties, levies, customs, tariffs, imposts, assessments, obligations and charges of the same or of a similar nature to any of the foregoing.

**“Tax Returns”** means any return, report, information return, claim for refund or other document (including any related or supporting information) supplied to or required to be supplied to any Taxing Authority with respect to Taxes, including any attachments, amendments and supplements thereto.

**“Taxing Authority”** means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

**“Termination Agreement”** has the meaning given to it in **Section 2.4.1(a)(i)**.

**“Transaction Agreements”** means the following agreements:

- 1.1.1 this Agreement;
- 1.1.2 the Bill of Sale;
- 1.1.3 the Deeds;
- 1.1.4 the Termination Agreement;
- 1.1.5 the Required Consents; and
- 1.1.6 the Settlement Agreement.

**“Transfer Taxes”** has the meaning given to it in **Section 4.4(a)**.

**“Unit 1”** means Unit 1 of the Station as described in **Exhibit A** attached hereto.

**“Unit 2”** means Unit 2 of the Station as described in **Exhibit A** attached hereto.

Section 1.2 **Rules as to Usage.** Except as otherwise expressly provided herein, the following rules shall apply to the usage of terms in this Agreement:

(a) The terms defined above have the meanings set forth above for all purposes, and such meanings are equally applicable to both the singular and plural forms of the terms defined.

(b) "Include," "includes" and "including" shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import.

(c) "Writing," "written" and comparable terms refer to printing, typing, and other means of reproducing in a visible form.

1.2.2 Any Law defined or referred to above means such Law as from time to time amended, modified or supplemented, including by succession of comparable successor Law.

(a) References to a Person are also to its successors and assigns.

(b) Any term defined above by reference to any agreement, instrument or Law has such meaning whether or not such agreement, instrument or Law is in effect.

(c) "Hereof," "herein," "hereunder" and comparable terms refer, unless otherwise expressly indicated, to the entire agreement or instrument in which such terms are used and not to any particular article, section or other subdivision thereof or attachment thereto. References in an instrument to "Article," "Section," or another subdivision or to an attachment are, unless the context otherwise requires, to the relevant article, section, subsection or subdivision of or an attachment to such agreement or instrument. If such reference in this Agreement to "Article," "Section," or other subdivision does not specify an agreement or document, such reference refers to an article, section or other subdivision of this Agreement. All references to exhibits or schedules in any agreement or instrument that is governed by this Agreement are to exhibits or schedules attached to such instrument or agreement.

(d) Pronouns, whenever used in any agreement or instrument that is governed by this Agreement and of whatever gender, shall include natural Persons, corporations, limited liability companies, partnerships and associations of every kind and character.

(e) References to any gender include, unless the context otherwise requires, references to all genders.

(f) The word "or" will have the inclusive meaning represented by the phrase "and/or."

(g) "Shall" and "will" have equal force and effect.

Section 1.3 **Schedules and Exhibits.** This Agreement consists of the Articles contained herein and the Schedules and Exhibits attached hereto, all of which constitute one and the same agreement with equal force and effect.

## ARTICLE II

### SALE AND PURCHASE; PRICE; CLOSING

Section 2.1 **Sale and Purchase; Definition of Purchased Assets; Assumed Liability.**

2.1.1 At Closing, Seller shall sell, transfer, convey, assign and deliver to Purchaser, free and clear of all Liens (other than Permitted Liens), and Purchaser shall purchase and pay for, 28.04 percent (28.04%) of Seller's right, title and interest in and to all assets and properties of Seller relating to its ownership interest in the Station, including without limitation, Seller's right, title and interest in and to the following assets (collectively, the "Purchased Assets"):

- (a) Seller's Interest;
- (b) All accounts established to hold funds for purposes of Seller's share of the decommissioning costs of the Station, together with all cash, equity and debt securities, and other investments, and any proceeds thereof, held in such accounts (the "Accounts");
- (c) Nuclear fuel inventory purchased and residing in Purchaser's nuclear fuel fleet inventory accounts and all accounts related to such nuclear fuel inventory (the "Fuel Inventory");
- (d) All rights of Seller in any fuel supply agreements for the Station;
- (e) Spare parts inventory of the Station, including equipment, tools, goods and supplies (the "Spare Parts Inventory");
- (f) The Station Permits;
- (g) All rights of Seller in and under the Station Settlement Agreements;
- (h) All plans, designs, and specifications related to the construction, operation and maintenance of the Station; and
- (i) All rights of Seller in and under any agreements related to the ownership, operation or maintenance of the Station.

2.1.2 **Excluded Assets.** The Purchased Assets shall not include Seller's interest in the following agreements, assets and properties (the "Excluded Assets"), and Purchaser shall have no Liability with respect thereto:

(a) Except as set forth in **Section 2.1.1(b)**, cash, cash equivalents, bank deposits, and accounts and notes receivable, trade or otherwise;

(b) Rights of Seller arising under this Agreement, the Transaction Agreements or any other instrument or document executed and delivered pursuant to this Agreement; and

(c) All assets and properties of Seller other than the Purchased Assets.

**2.1.3 Assumed Liabilities.** On the terms and subject to the conditions set forth in this Agreement, effective as of the Closing, Purchaser shall assume and satisfy or perform all Liabilities of Seller that relate to the Purchased Assets, including those Liabilities described below, and other than the Excluded Liabilities (collectively, the "Assumed Liabilities");

(a) All Liabilities directly or indirectly related to the decommissioning of the Station; and

(b) All accrued assessments by the DOE for the decommissioning of the DOE's uranium enrichment facilities, but solely to the extent such accrued assessments relate to the Purchased Assets' and

(c) All Liabilities arising under Environmental Law.

**2.1.4 Excluded Liabilities.** Except for the Assumed Liabilities, Purchaser shall have no liability or obligation whatsoever for, and Seller shall retain and continue to be responsible for, all of Seller's duties, obligations and Liabilities, whether incurred or arising before or after Closing, (all of such retained duties, obligations and Liabilities being referred to herein as the "Excluded Liabilities").

## **Section 2.2 Purchase Price.**

**2.2.1 Amount.** In consideration of the sale, assignment, conveyance, transfer and delivery to Purchaser as of the Closing of Seller's right, title and interest in and to the Purchased Assets, Purchaser shall pay to Seller an amount equal to Forty-Two Million Dollars (\$42,000,000) (the "Purchase Price").

**2.2.2 Prorations.** Real and personal property ad valorem taxes with respect to the Purchased Assets ("Property Taxes") will be prorated on a calendar year basis through the Closing Date. Any special assessments or roll-back taxes on or against the Purchased Assets shall be paid by Seller on or prior to the Closing Date. If the actual amount of Property Taxes is not known on the Closing Date, such taxes shall be prorated on the basis of the amount of such taxes payable for the prior year, and shall be adjusted between the Parties when the actual amount of such taxes payable in the year of Closing is known to Purchaser and Seller. Within 30 days after the Property Tax liability is known for the calendar year in which the Closing occurs, Purchaser and Seller shall make such payments or credits between themselves as are necessary so that each Party bears only its pro rata portion of the actual Property Tax liability for the calendar year in which the Closing occurs. All prorations shall be made as adjustments to the Purchase Price, provided that to the extent any charge or receipt to be prorated at Closing is not

known as of the Closing Date, the Parties shall make the applicable proration and adjusting payments as soon as possible after Closing.

2.2.3 Method of Payment of Purchase Price. At Closing, Purchaser shall deliver to Seller the Purchase Price, as adjusted for the prorations and other adjustments hereunder, in United States dollars, by wire transfer of immediately available federal funds to an account designated by Seller.

Section 2.3 Allocation of Purchase Price for Tax Purposes. The Purchase Price shall be allocated among the Purchased Assets as of the Closing in accordance with a schedule to be prepared by Purchaser, using the allocation method provided by Section 1060 of the Code and the regulations thereunder. The consent of Seller under this Section shall not be a condition to the Closing. The Parties shall cooperate to comply with all substantive and procedural requirements of Section 1060 of the Code and the regulations thereunder, and except for any adjustment to the Purchase Price, the allocation shall be adjusted only if and to the extent necessary to comply with such requirements. Purchaser and Seller agree that they will not take nor will they permit any Affiliate to take, for income Tax purposes, any position inconsistent with such allocation; provided, however, that (i) Purchaser's cost may differ from the total amount allocated hereunder to reflect the inclusion in the total cost of items (for example, capitalized acquisition expenses) not included in the total amount so allocated, and (ii) the amount realized by Seller may differ from the amount allocated to reflect transaction costs that reduce the amount realized for federal income Tax purposes. Transfer Tax on the Deeds shall be calculated based on such allocation.

Section 2.4 The Closing. The closing of the transactions contemplated herein (the "Closing") will take place at Purchaser's offices in Raleigh, North Carolina (or such other location agreed to by the Parties), at 10:00 a.m. local time on the date as soon as practicable (but in no event longer than 10 Business Days) after all conditions to the Closing set forth in **Section 5.1** and **Section 5.2** have been satisfied or waived. The Closing shall be deemed effective as of 12:01 A.M. Raleigh, North Carolina time on the Closing Date.

2.4.1 Closing.

(a) At the Closing, Purchaser shall pay to Seller the Purchase Price in accordance with **Section 2.2** and execute (as applicable) and deliver or cause to be delivered the following items to Seller:

- (i) the Required Consents obtained as of Closing to the extent Purchaser is the beneficiary, recipient or grantee thereof;
- (ii) a certificate of existence with respect to Purchaser, as of a recent date, issued by the Secretary of State of the State of North Carolina;
- (iii) copies, certified by the Secretary or Assistant Secretary of Purchaser, of resolutions of Purchaser's Board of Directors authorizing the execution and delivery of this Agreement and all of the other agreements and instruments, in each case, to be executed and delivered by Purchaser in connection herewith;



(iv) a certificate of the Secretary or Assistant Secretary of Purchaser identifying the name and title and bearing the signatures of the officers of Purchaser authorized to execute and deliver this Agreement and the other agreements and instruments contemplated hereby; and

(v) a certificate addressed to Seller dated the Closing Date executed by the duly authorized officer of Purchaser to the effect that the conditions set forth in **Section 5.2.1** and **Section 5.2.2** have been satisfied by Purchaser.

(b) At the Closing, Seller shall execute (as applicable) and deliver the following items to Purchaser:

(i) Purchaser's 28.04 percent (28.04%) interest in the funds in the Accounts;

(ii) a bill of sale in substantially the form of **Exhibit D** attached hereto (the "Bill of Sale");

(iii) general warranty deeds in substantially the form of **Exhibit E** attached hereto (the "Deeds") and any other documents necessary to convey all of Seller's right, title and interest in and to Seller's Interest;

(iv) the Termination Agreement;

(v) the Required Consents obtained as of Closing to the extent Seller is the beneficiary, recipient or grantee thereof;

(vi) the Lien Releases;

(vii) a certificate of good standing with respect to Seller, as of a recent date, issued by the Secretary of State of the State of South Carolina;

(viii) copies, certified by the Secretary or Assistant Secretary of Seller, of resolutions of Seller's Board of Directors authorizing the execution and delivery of this Agreement and all of the other agreements and instruments, in each case, to be executed and delivered by Seller in connection herewith;

(ix) a certificate of the Secretary or Assistant Secretary of Seller identifying the name and title and bearing the signatures of the officers of Seller authorized to execute and deliver this Agreement and the other agreements and instruments contemplated hereby; and

(x) a certificate addressed to Purchaser dated the Closing Date executed by the duly authorized officer of Seller to the effect that the conditions set forth in **Section 5.1.1** and **Section 5.1.2** have been satisfied by Seller.

**Section 2.5 Further Assurances.** Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, at either Party's request and without further

consideration, the other Party shall execute and deliver to such Party such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as such Party may reasonably deem necessary or desirable in order more effectively (i) to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, the Purchased Assets, (ii) to the full extent permitted by Law, to put Purchaser in actual possession of the Purchased Assets, and (iii) otherwise to consummate the transactions contemplated by this Agreement.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

Section 3.1 **Representations and Warranties of Seller.** Except as specifically set forth in Seller's Disclosure Schedule attached hereto as Schedule 3.1, Seller hereby represents and warrants to Purchaser that all of the statements contained in this **Section 3.1** are true and correct as of the Effective Date. Each exception and other response to this Agreement set forth in Seller's Disclosure Schedule is identified by reference to, or has been grouped under a heading referring to, a specific individual section of this Agreement, and, except as otherwise specifically stated with respect to such exception, relates only to such section.

3.1.1 **Existence.** Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of South Carolina. Seller has all requisite corporate power and authority to own, lease and operate its properties and to carry out its business as it is now being conducted, and is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its assets and properties makes such qualification necessary.

3.1.2 **Authority.** Seller has full corporate power and authority to execute and deliver this Agreement and the Transaction Agreements to which it is or will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and the Transaction Agreements to which it is or will be a party, and the performance by Seller of its obligations hereunder and thereunder, have been duly and validly authorized by all required corporate action by Seller, and no other action on the part of Seller, its directors or shareholders is necessary.

3.1.3 **Binding Agreement.** This Agreement and the Transaction Agreements to which Seller is or will be a party have been or will be when delivered duly executed and delivered by Seller and, assuming due and valid authorization, execution and delivery thereof by Purchaser, this Agreement and the Transaction Agreements to which Seller is or will be a party are or will be when delivered valid and binding obligations of Seller enforceable against Seller in accordance with their terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws of general application affecting enforcement of creditors' rights generally and (ii) to the extent that the availability of the remedy of specific performance or injunctive or other forms of equitable relief may be subject to equitable defenses or would be subject to the discretion of the court before which any proceeding therefor may be brought.

3.1.4 No Conflicts. The execution and delivery by Seller of this Agreement do not, and the execution and delivery by Seller of the Transaction Agreements to which it is or will be a party, the performance by Seller of its obligations under this Agreement and such Transaction Agreements, and the consummation of the transactions contemplated hereby and thereby shall not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of Seller's certificate of incorporation or bylaws;

(b) assuming all of the Required Consents have been obtained, result in a default, penalty, or any adjustment in required payments (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, deed of trust, indenture, license, agreement, lease or other instrument or obligation to which Seller is party or by which Seller or any of the Purchased Assets may be bound, except for such defaults, penalties or adjustments (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained in writing (true and correct copies of which waivers or consents have been furnished to Purchaser); or

(c) assuming all of the Required Consents have been obtained, conflict with or result in a violation or breach of any term or provision of any Law applicable to Seller or the Purchased Assets.

3.1.5 Approvals and Filings. Except as set forth in Section 3.1.5 of Seller's Disclosure Schedule, no consent, approval or action of, filing with or notice to any Governmental Authority or other Person by Seller is required in connection with the execution, delivery and performance by Seller of this Agreement or any of the Transaction Agreements to which it is or will be a party or the consummation of the transactions contemplated hereby or thereby.

3.1.6 Legal Proceedings. There are no claims, actions, proceedings or investigations pending with respect to which Seller itself has received notice, has been served or entered an appearance or, to Seller's Knowledge, threatened against Seller before any Governmental Authority that would reasonably be expected (i) to result in the issuance of an order restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement or any of the Transaction Agreements, (ii) to adversely affect the ownership, operation or maintenance of the Station, or (iii) individually or in the aggregate, to have a Material Adverse Effect. There are no outstanding judgments, rules, orders, writs, injunctions or decrees of any Governmental Authority relating specifically to Seller that would, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect.

3.1.7 Compliance with Laws. Seller is not in violation of or in default in any material respect under any Law applicable to Seller or, to Seller's Knowledge, applicable to the Purchased Assets. Except as set forth in Section 3.1.7 of Seller's Disclosure Schedule, Seller has not itself received notification alleging that it is in violation of any Law applicable to Seller or, to Seller's Knowledge, the Purchased Assets.

3.1.8 Title. Seller has good and valid title to all of its properties and assets constituting the Purchased Assets other than Seller's Interest (it being understood that Seller's Interest is covered by **Section 3.1.9**), free and clear of all Liens except Permitted Liens.

3.1.9 Real Property. Seller has good, valid and marketable fee simple title to Seller's Interest, free and clear of all Liens other than Permitted Liens. Seller itself has received no notice of, and has no Knowledge of, any pending or threatened action, litigation, condemnation or other proceeding of any kind with respect to or concerning the Real Property. Seller itself has not received any notice, and has no Knowledge, that the Real Property (or any portion of it) is in violation of any applicable zoning, flood, building or other code, or any other legal requirement or private restriction. Other than Permitted Liens there are no commitments to or agreements with any Governmental Authority affecting the use or ownership of the Real Property.

3.1.10 Contracts and Agreements. Except for the Catawba Agreements, the agreements listed in Schedule 1.1, and any agreements listed in **Section 3.1.10** of Seller's Disclosure Schedule, there are no agreements, indentures, security agreements, deeds of trust and other contracts relating to the development, design, construction, ownership, operation or maintenance of the Station, to which Seller is a party. The Catawba Agreements are in full force and effect and constitute a legal, valid and binding agreement of Seller and of each other party thereto, enforceable in accordance with their terms, and no material term or condition thereof has been amended from the form thereof delivered to Purchaser or waived. Except for violations, breaches or defaults known by Purchaser, neither Seller nor, to Seller's Knowledge, any other party to any Catawba Agreement is in violation or breach of or default under any such Catawba Agreement (or with notice or lapse of time or both, would be in violation or breach of or default under any such Catawba Agreement).

3.1.11 Permits. **Section 3.1.11** of Seller's Disclosure Schedule sets forth all Permits acquired or held by or in the name of Seller in connection with the ownership, operation, maintenance or use of the Station (the "Station Permits"). To Seller's Knowledge, Seller is in compliance with each Station Permit and has received no notice of violation or noncompliance from any Governmental Authority. To Seller's Knowledge, Seller has received no notice alleging that any such Station Permit (i) is not in full force and effect, or (ii) is subject to any legal proceeding or to any unsatisfied condition that (A) is not reasonably expected to be satisfied or (B) if not satisfied could reasonably be expected to allow material modification or revocation thereof.

3.1.12 Environmental Matters. There are no claims, actions, proceedings or investigations pending or threatened against Seller or, to Seller's Knowledge, the Purchased Assets under any Environmental Law relating to the Station or the Real Property. Seller itself has not received from any third party any notice of violation or other claim of noncompliance with Environmental Laws regarding the Station or the Real Property. Seller is not a party to any consent decrees, order or similar document relating to Liability arising under Environmental Laws involving the Station, the Real Property or the Purchased Assets.

### 3.1.13 Taxes.

(a) Seller has filed or will file when due all Tax Returns that are required to be filed on or before the Closing Date with respect to the Purchased Assets and has paid or will pay in full all Taxes required to be paid with respect to the Purchased Assets; and (ii) such Tax Returns were prepared or will be prepared in the manner required by applicable Laws. Seller has not received any notice that any Taxes relating to any period prior to the Closing Date are owing that have not been paid on or before the Closing Date.

(b) Seller has not extended or waived the application of any statute of limitations of any jurisdiction regarding the assessment or collection of any Tax of Seller with respect to the Purchased Assets.

(c) None of the Purchased Assets are subject to any Liens for Taxes, other than Permitted Liens.

(d) There are no audits, claims, assessments, levies, administrative or judicial proceedings pending, or to Seller's Knowledge, threatened, proposed or contemplated with respect to the Purchased Assets by any Tax Authority.

3.1.14 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Seller directly with Purchaser without the intervention of any Person on behalf of Seller in such manner as to give rise to any valid claim by any Person against Purchaser for a finder's fee, brokerage commission or similar payment.

3.1.15 SELLER IS MAKING NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO THE CONDITION, MERCHANTABILITY, FITNESS OR SUITABILITY FOR USE OR WORKING ORDER, RELATING TO THIS AGREEMENT, THE PURCHASED ASSETS OR THE TRANSACTIONS THIS AGREEMENT CONTEMPLATES, EXCEPT AS SPECIFICALLY SET FORTH IN THIS SECTION 3.1. EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS SECTION 3.1 OR ELSEWHERE IN THIS AGREEMENT OR THE TRANSACTION AGREEMENTS, THE PURCHASED ASSETS ARE SOLD "AS IS, WHERE IS" ON THE CLOSING DATE, AND IN THEIR CONDITION ON THE CLOSING DATE "WITH ALL FAULTS."

Section 3.2 **Representations and Warranties of Purchaser.** Except as specifically set forth in Purchaser's Disclosure Schedule attached hereto as Schedule 3.2, Purchaser hereby represents and warrants to Seller that all of the statements contained in this Section 3.2 are true and correct as of the Effective Date. Each exception and other response to this Agreement set forth in Purchaser's Disclosure Schedule is identified by reference to, or has been grouped under a heading referring to, a specific individual section of this Agreement, and, except as otherwise specifically stated with respect to such exception, relates only to such section.

3.2.1 Existence. Purchaser is a nonprofit corporation, duly formed, validly existing and in good standing under the Laws of the State of North Carolina. Purchaser has all

requisite power and authority to own, lease and operate its properties and to carry out its business as it is now being conducted.

3.2.2 Authority. Purchaser has full power and authority to execute and deliver this Agreement and the Transaction Agreements to which it is or will be a party, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Purchaser of this Agreement and the Transaction Agreements to which it is or will be a party, and the performance by Purchaser of its obligations hereunder and thereunder, have been duly and validly authorized by all required action by Purchaser, and no other action on the part of Purchaser or its member is necessary.

3.2.3 Binding Agreement. This Agreement and the Transaction Agreements to which Purchaser is or will be a party have been or will be when delivered duly executed and delivered by Purchaser and, assuming due and valid authorization, execution and delivery thereof by Seller, this Agreement and the Transaction Agreements to which Purchaser is or will be a party are or will be when delivered valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws of general application affecting enforcement of creditors' rights generally and (ii) the availability of the remedy of specific performance or injunctive or other forms of equitable relief may be subject to equitable defenses and would be subject to the discretion of the court before which any proceeding therefor may be brought.

3.2.4 No Conflicts. The execution and delivery by Purchaser of this Agreement do not, and the execution and delivery by Purchaser of the Transaction Agreements to which it is or will be a party, the performance by Purchaser of its obligations under this Agreement and such Transaction Agreements and the consummation of the transactions contemplated hereby and thereby shall not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of Purchaser's articles of organization or operating agreement;

(b) result in a default, penalty, or any adjustment in required payments (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, deed of trust, indenture, license, agreement, lease or other instrument or obligation to which Purchaser is a party or by which Purchaser or any of its assets and properties may be bound, except for such defaults, penalties or adjustments (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained; or

(c) assuming the Required Consents have been obtained, conflict with or result in a violation or breach of any term or provision of any Law applicable to Purchaser or any of its assets and properties.

3.2.5 Approvals and Filings. Except as set forth in Section 3.2.5 of Purchaser's Disclosure Schedule, no consent, approval or action of filing with or notice to any Governmental Authority or other Person by Purchaser is required in connection with the

execution, delivery and performance by Purchaser of this Agreement or any of the Transaction Agreements to which it is or will be a party or the consummation by Purchaser of the transactions contemplated hereby or thereby.

3.2.6 Legal Proceedings. There are no claims, actions, proceedings or investigations pending or, to Purchaser's Knowledge, threatened against Purchaser before any Governmental Authority that would reasonably be expected to result in the issuance of an order restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement or any of the Transaction Agreements.

3.2.7 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Purchaser directly with Seller without the intervention of any Person on behalf of Purchaser in such manner as to give rise to any valid claim by any Person against Seller for a finder's fee, brokerage commission or similar payment.

## ARTICLE IV

### COVENANTS

Section 4.1 Efforts to Close. After the Effective Date and prior to Closing:

4.1.1 Required Consents; Other Covenants.

(a) Each Party shall provide reasonable cooperation to the other Party in obtaining consents, approvals or actions of, making all filings with and giving all notices to Governmental Authorities or other Persons required of the other Party in connection with obtaining any Required Consents with respect to the transactions contemplated hereby and by the Transaction Agreements, including the following:

(i) Within a reasonable period of time after the Effective Date, Seller and Purchaser shall each file, with the appropriate Governmental Authority, such filings as are required by the HSR Act and shall take all actions reasonably necessary to cause early termination of the applicable waiting period under the HSR Act.

(ii) Within a reasonable period of time after the Effective Date, Purchaser and Seller shall jointly file with the PSCSC all documents reasonably required to obtain the PSCSC Approval. The Parties shall consult on and coordinate all principal filings submitted by Purchaser and Seller to the PSCSC in connection with the PSCSC Approval.

(iii) Within a reasonable period of time after the Effective Date, Purchaser and Seller shall jointly file with the FERC all documents reasonably required to obtain the FERC Approval. The Parties shall consult on and coordinate all principal filings submitted by Purchaser and Seller to the FERC in connection with the FERC Approval.

(iv) Within a reasonable period of time after the Effective Date, Seller shall facilitate Duke's filing with the NRC all documents reasonably required to obtain the NRC Approval.

(b) The Parties shall furnish to each other's counsel such necessary information and assistance as the other Party may request in connection with its preparation of any such filing or submission that is necessary to obtain the foregoing consents, approvals or actions. The Parties shall consult with each other as to the appropriate time of making such filings and submissions and shall make such filings and submissions at the agreed upon time. The Parties shall keep each other apprised of the status of any communications with and any inquiries or requests for additional or supplemental information from applicable Governmental Authorities and shall provide any such additional or supplemental information that may be reasonably requested in connection with any such filings or submissions.

#### 4.1.2 Fulfillment of Conditions.

(a) Each Party shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under Law to consummate and make effective the purchase, sale, assignment, conveyance, transfer and delivery of the Purchased Assets and the assumption of the Assumed Liabilities pursuant to this Agreement. Such actions shall include each Party using its commercially reasonable efforts to ensure satisfaction of the conditions precedent to its obligations hereunder.

(b) Each Party shall give notice to the other promptly after becoming aware of (i) the occurrence or non-occurrence of any event whose occurrence or non-occurrence would be likely to cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect at any time from the Effective Date hereof to the Closing Date and (ii) any failure of a Party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

#### Section 4.2 Preservation of Purchased Assets.

(a) After the Effective Date and prior to Closing, Seller shall (i) preserve and maintain the Purchased Assets; and (ii) fulfill its obligations under the Catawba Agreements in the usual and ordinary course of business.

(b) After the Effective Date and prior to Closing, Seller shall not, without the written consent of Purchaser: (i) distribute, dispose of, sell, lease, transfer, pledge, assign or encumber, or incur or permit to exist any Lien (other than a Permitted Lien) on, any of the Purchased Assets; (ii) amend its certificate of incorporation or bylaws; (iii) take any action that alters the regulatory status of Seller; (iv) take any other action or fail to take any action that adversely affects the Purchased Assets or impairs the ability of the Parties to consummate the transactions contemplated by this Agreement; or (v) enter into any agreement to do or engage in any of the foregoing.



**Section 4.3    Notification.**

4.3.1 Seller. Prior to the Closing, Seller shall promptly notify Purchaser in writing if it becomes aware of any fact or condition that (i) causes or constitutes a breach of any representation or warranty set forth in **Section 3.1** or (ii) would have caused or constituted a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in Seller's Disclosure Schedule, Seller shall promptly deliver to Purchaser a supplement to Seller's Disclosure Schedule specifying such change. During the same period, Seller shall promptly notify Purchaser of the occurrence of any breach of any covenant of Seller or of the occurrence of any event that would reasonably be expected to make the satisfaction of the conditions set forth in **ARTICLE V** impossible or unlikely.

4.3.2 Purchaser. Prior to the Closing, Purchaser shall promptly notify Seller in writing if Purchaser becomes aware of any fact or condition that (i) causes or constitutes a breach of any representation or warranty set forth in **Section 3.2** or (ii) would have caused or constituted a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in Purchaser's Disclosure Schedule, Purchaser shall promptly deliver to Seller a supplement to Purchaser's Disclosure Schedule specifying such change. During the same period, Purchaser shall promptly notify Seller of the occurrence of any breach of any covenant of Purchaser or of the occurrence of any event that would reasonably be expected to make the satisfaction of the conditions in **ARTICLE V** impossible or unlikely.

4.3.3 Effect of Supplemental Disclosure. Any notice delivered by a Party pursuant to this **Section 4.3** shall be disregarded for purposes of determining an inaccuracy or breach of a representation or warranty made by such Party in this Agreement or in Seller's Disclosure Schedule or Purchaser's Disclosure Schedule, as the case may be; provided, however, that if such supplemental disclosure causes a condition to the obligation of the other Party under **ARTICLE V** not to be satisfied, and the Party making such supplemental disclosure (at the time of making such disclosure) expressly identifies such condition that will not be satisfied in the notice delivered pursuant to this **Section 4.3**, then in the event the Party receiving such supplemental disclosure nevertheless proceeds to close notwithstanding the failure of such condition to be satisfied, then such supplemental disclosure shall be given effect as if disclosed on the Effective Date. Notwithstanding the foregoing, any supplemental disclosure of information of which Seller had Knowledge on the Effective Date and intentionally failed to disclose shall be disregarded for all purposes.

#### Section 4.4 Tax Matters.

(a) Notwithstanding any other provision of this Agreement, all applicable sales, transfer, use, stamp, conveyance, value added, recording, excise, and other similar Taxes, if any, together with all recording or filing fees, notarial fees and other similar costs of Closing, that may be imposed upon, or payable, collectible or incurred in connection with the transfer of the Purchased Assets to Purchaser or otherwise as a result of the transfer of the Purchased Assets ("Transfer Taxes") shall be borne solely by Seller. Seller, at its own expense, will file, to the extent required by applicable Law, all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and if required by applicable Law, Purchaser will join in the execution of any such Tax Returns or other documentation.

(b) With respect to Taxes to be prorated in accordance with **Section 2.2.2**, Purchaser shall prepare and timely file all Tax Returns required to be filed after the Closing with respect to the Purchased Assets, if any, and shall duly and timely pay all such Taxes shown to be due on such Tax Returns. Purchaser's preparation of any such Tax Returns that are material shall be subject to Seller's approval, which shall not be unreasonably withheld, conditioned or delayed. Purchaser shall make such Tax Returns available for Seller's review and approval not later than 15 Business Days prior to the due date for filing such Tax Return and shall make such changes as are reasonably requested by Seller. Within 10 Business Days after Purchaser's payment of such Taxes, Seller shall pay to Purchaser, or Purchaser shall pay to Seller, as appropriate, the difference between (i) Seller's proportionate share of the amount shown as due on such Tax Return determined in accordance with **Section 2.2.2** and (ii) the amount paid by Seller at the Closing Date pursuant to **Section 2.2.2**.

(c) Seller and Purchaser shall provide the other with such assistance as may reasonably be requested in connection with the preparation of any Tax Return, any audit or other examination by any Taxing Authority, or any judicial or administrative proceedings relating to Liability for Taxes, and each will retain and provide the requesting Party with any records or information that may be relevant to such return, audit, or examination, proceedings or determination. Any information obtained pursuant to this **Section 4.4** or pursuant to any other Section hereof providing for the sharing of information or review of any Tax Return or other schedule relating to Taxes shall be kept confidential by the Parties.

(d) Purchaser shall remit to Seller any refund or credit of Taxes, if and when actually received by Purchaser, to the extent such Taxes are attributable to any taxable period, or portion thereof, ending on or before the Closing Date.

(e) Any payment by Purchaser or Seller to the other pursuant to this **Section 4.4** shall be treated for all purposes by both Parties as an adjustment to the Purchase Price, to the maximum extent permitted by Law.

(f) In the event that a dispute arises between Seller and Purchaser regarding Taxes or any amount due under this **Section 4.4**, the Parties shall attempt in good faith to resolve such dispute and any agreed upon amount shall be paid to the appropriate Party. If such dispute is not resolved within 30 days, the Parties shall submit the dispute to an Independent Accounting Firm for resolution within 30 days thereafter, which resolution shall be

final, conclusive and binding on the Parties. Notwithstanding anything in this Agreement to the contrary, the fees and expenses of the Independent Accounting Firm in resolving the dispute shall be borne 50% by Seller and 50% by Purchaser. Any payment required to be made as a result of the resolution of the dispute by the Independent Accounting Firm shall be made within 10 days after such resolution, together with any interest, as required for the applicable Tax.

## ARTICLE V

### CONDITIONS TO CLOSING

Section 5.1 **Purchaser's Conditions Precedent**. The obligations of Purchaser hereunder to execute or deliver the items it is required to deliver pursuant to **Section 2.4.1(a)** are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Purchaser in its sole discretion):

5.1.1 **Representations and Warranties**. Each of the representations and warranties made by Seller in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and correct on and as of the Closing Date as though made on and as of the Closing Date. Each of the representations and warranties made by Seller in this Agreement that are not qualified as to materiality or Material Adverse Effect shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date.

5.1.2 **Performance**. Seller shall have performed and complied with the agreements, covenants and obligations required by this Agreement to be so performed or complied with by Seller at or before the Closing Date.

5.1.3 **Law**. There shall not be in effect at the Closing Date any preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the transactions contemplated by this Agreement or any Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement.

5.1.4 **PSCSC Approval**. The PSCSC Approval shall have been duly obtained and be in full force and effect, shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, and shall not have imposed or required any condition or modification unacceptable to Purchaser.

5.1.5 **FERC Approval**. The FERC Approval shall have been duly obtained and be in full force and effect, shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, and shall not have imposed or required any condition or modification unacceptable to Purchaser.

5.1.6 **NRC Approval**. The NRC Approval shall have been duly obtained and be in full force and effect, shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, and shall not have imposed or required any condition or modification unacceptable to Purchaser.

5.1.7 Required Consents. Purchaser shall have received evidence reasonably satisfactory to Purchaser that all Required Consents have been obtained.

5.1.8 HSR Act. The waiting period under the HSR Act applicable to the consummation of the sale and purchase of the Purchased Assets contemplated hereby shall have expired or been terminated.

5.1.9 Deliveries. Seller shall have executed and delivered to Purchaser the items set forth in **Section 2.4.1(b)**.

5.1.10 Material Adverse Change. There shall not have been or occurred, since the Effective Date, any event, occurrence or circumstance that would reasonably be expected to result in or give rise to a Material Adverse Effect.

5.1.11 Related Agreements. The Related Agreements shall have been delivered, executed and, to the extent required, approved by the appropriate Governmental Authority without condition or modification not acceptable to Purchaser.

**Section 5.2** **Seller's Conditions Precedent**. The obligations of Seller hereunder to execute or deliver the items it is required to deliver pursuant to **Section 2.4.1(b)** are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Seller in its sole discretion):

5.2.1 Representations and Warranties. Each of the representations and warranties made by Purchaser in this Agreement that are qualified by materiality or Material Adverse Effect shall be true and correct on and as of the Closing Date as though made on and as of the Closing Date. Each of the representations and warranties made by Purchaser in this Agreement that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date.

5.2.2 Performance. Purchaser shall have performed and complied with the agreements, covenants and obligations required by this Agreement to be so performed or complied with by Purchaser at or before the Closing Date.

5.2.3 Law. There shall not be in effect at the Closing Date any preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the transactions contemplated by this Agreement or any Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement.

5.2.4 PSCSC Approval. The PSCSC Approval shall have been duly obtained and be in full force and effect and shall not have been reversed, stayed, enjoined, set aside, annulled or suspended.

5.2.5 FERC Approval. The FERC Approval shall have been duly obtained and be in full force and effect and shall not have been reversed, stayed, enjoined, set aside, annulled or suspended.

5.2.6 NRC Approval. The NRC Approval shall have been duly obtained and be in full force and effect and shall not have been reversed, stayed, enjoined, set aside, annulled or suspended.

5.2.7 Required Consents. Seller shall have received evidence reasonably satisfactory to Seller that all Required Consents have been obtained.

5.2.8 HSR Act. The waiting period under the HSR Act applicable to the consummation of the sale and purchase of the Purchased Assets contemplated hereby shall have expired or been terminated.

5.2.9 Deliveries. Purchaser shall have executed and delivered to Seller the items set forth in **Section 2.4.1(a)**.

## ARTICLE VI

### TERMINATION

**Section 6.1 Termination Prior to Closing**. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned:

(a) at any time before the Closing, by Seller or Purchaser upon notice to the other Party, in the event that any Law becomes effective restraining, enjoining, or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement;

(b) at any time before the Closing, by Seller or Purchaser upon notice to the other Party, in the event (i) of a breach hereof by the non-terminating Party that would reasonably be expected to give rise to a Material Adverse Effect, if the non-terminating Party fails to cure such breach within 30 days following notification thereof by the terminating Party; or (ii) any condition to such Party's obligations under this Agreement (other than the payment of money to the other Party) becomes impossible or impracticable to satisfy with the use of commercially reasonable efforts, so long as such impossibility or impracticability is not caused by a breach hereof by such Party; provided further, however, that if it is reasonably possible that the circumstances giving rise to the impossibility or impracticability may be removed prior to the expiration of the time period provided in this **Section 6.1(b)**, then such notification may not be given until such time as the removal of such circumstances is no longer reasonably possible or practicable within such time period; or

(c) at any time following October 1, 2008, by Seller or Purchaser upon notice to the other Party if the Closing shall not have occurred on or before such date and such failure to consummate is not caused by a breach of this Agreement by the terminating Party.

**Section 6.2 Effect of Termination or Breach Prior to Closing**. If this Agreement is validly terminated pursuant to Section 6.1, written notice thereof shall forthwith be given by the terminating Party to the other Party and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned without further action by the Parties hereto. If the Agreement is validly terminated as provided herein, (i) there shall be no liability or obligation on the part of Seller or Purchaser (or any

of their respective Related Persons), except that the provisions of **ARTICLE IX, ARTICLE X and Sections 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.9, 11.10, 11.11, 11.12, 11.13, 11.14 and 11.15** and **this Section 6.2** shall continue to apply following any such termination, and (ii) all filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, shall be withdrawn from the Governmental Authority or other Person to which they were made. Notwithstanding any other provision in this Agreement to the contrary, if this Agreement is validly terminated by Purchaser or Seller pursuant to **Section 6.1(b)** as a result of the willful breach by the other Party, the terminating Party may exercise such remedies as may be available at law or in equity.

## **ARTICLE VII**

**[Reserved]**

## **ARTICLE VIII**

### **SURVIVAL; NO OTHER REPRESENTATIONS**

Section 8.1 **Survival of Representations and Warranties.** The representations and warranties of Seller and Purchaser contained in this Agreement shall survive the Closing and shall expire on the date that is three (3) years after the Closing Date. Notwithstanding the preceding sentence, (i) the representations and warranties contained in **Sections 3.1.1, 3.1.2, 3.1.3, 3.1.8, 3.1.9, 3.1.12, 3.1.13, 3.2.1, 3.2.2, and 3.2.3** and the representations and warranties set forth in the Deeds shall survive indefinitely after the Closing (or 90 days after the statute of limitations runs). The covenants and agreements of the Parties contained in **ARTICLES II, IV and XI** of this Agreement shall survive the Closing for (i) the time period(s) set forth in the respective Sections contained in such Articles, or (ii) if no time period is so specified, until 90 days after the expiration of the applicable statute of limitations.

Section 8.2 **No Other Representations.** NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IT IS THE EXPLICIT INTENT OF EACH PARTY HERETO THAT, EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES CONTAINED IN **ARTICLE III** OR IN ANY CERTIFICATE, INSTRUMENT OR DOCUMENT DELIVERED BY SELLER AT CLOSING, NEITHER PARTY IS MAKING ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED REPRESENTATION OR WARRANTY AS TO CONDITION, MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE STATION, OR ANY PART THEREOF.

## **ARTICLE IX**

### **DISPUTE RESOLUTION**

Section 9.1 **Dispute Resolution.** Any dispute or claim arising under this Agreement that is not resolved in the ordinary course of business shall be referred to a panel consisting of a senior executive (President or a Vice President) of Purchaser and Seller, with authority to decide or resolve the matter in dispute, for review and resolution. Such senior executives shall meet and in good faith attempt to resolve the dispute within 30 days. If the Parties are unable to resolve a dispute pursuant to this

**Section 9.1**, either Party may enforce its rights at law or in equity subject to the provisions of this Agreement, including Section 9.2 below.

**Section 9.2 Submission to Jurisdiction; Waiver of Jury Trial.** Each Party hereto irrevocably submits to the exclusive jurisdiction of the federal court in the State of South Carolina for the purposes of any action arising out of or based upon this Agreement or relating to the subject matter hereof. If, for any reason, the Parties fail to qualify for the jurisdiction of the federal court in the State of South Carolina, then each Party hereto irrevocably submits to the exclusive jurisdiction of the state courts of the State of South Carolina for the purposes of any action arising out of or based on this Agreement or relating to the subject matter hereof. Each Party hereto further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth in **Section 11.1** shall be effective service of process for any action, suit or proceeding in South Carolina with respect to any matters to which it has submitted to jurisdiction in this **Section 9.2**. Each Party hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding in the federal court in South Carolina, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE TRANSACTION AGREEMENTS OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

## **ARTICLE X**

### **LIMITED REMEDIES AND DAMAGES**

**Section 10.1 Limitation of Liability.** NOTWITHSTANDING ANY OTHER PROVISION HEREOF, EXCEPT TO THE EXTENT RESULTING FROM ANY THIRD PARTY CLAIM OR FROM FRAUD OR WILLFUL MISCONDUCT, NO PARTY SHALL, UNDER ANY CIRCUMSTANCES, BE LIABLE UNDER THIS AGREEMENT OR THE TRANSACTION AGREEMENTS FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, WHETHER BY STATUTE, IN TORT OR CONTRACT OR OTHERWISE. THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES SHALL BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY.

**Section 10.2 Specific Performance.** EACH PARTY AGREES THAT DAMAGE REMEDIES SET FORTH IN THIS AGREEMENT MAY BE DIFFICULT OR IMPOSSIBLE TO CALCULATE OR OTHERWISE INADEQUATE TO PROTECT ITS INTERESTS AND THAT IRREPARABLE DAMAGE MAY OCCUR IN THE EVENT THAT PROVISIONS OF THIS AGREEMENT ARE NOT PERFORMED BY THE PARTIES IN ACCORDANCE WITH THE SPECIFIC TERMS OF THIS AGREEMENT. ANY PARTY MAY SEEK TO REQUIRE THE PERFORMANCE OF ANY OTHER PARTY'S OBLIGATIONS UNDER THIS AGREEMENT THROUGH AN ORDER OF SPECIFIC PERFORMANCE RENDERED BY THE FEDERAL COURT IN THE STATE OF SOUTH CAROLINA OR THE STATE COURTS IN THE STATE OF SOUTH CAROLINA AS PROVIDED IN **SECTION 9.2**.

**ARTICLE XI**  
**MISCELLANEOUS**

**Section 11.1 Notices.**

11.1.1 Unless this Agreement specifically requires otherwise, any notice, demand or request provided for in this Agreement, or served, given or made in connection with it, shall be in writing and shall be deemed properly served, given or made if delivered in person or sent by fax or sent by registered or certified mail, postage prepaid, or by a nationally recognized overnight courier service that provides a receipt of delivery, in each case, to a Party at its address specified below:

If to Purchaser, to:

North Carolina Electric Membership Corporation  
PO Box 27306 (27611-7306)  
3400 Sumner Blvd.  
Raleigh, NC 27616  
Attn: Richard K. Thomas, Executive Vice President  
and Chief Executive Officer

with a copy to:

North Carolina Electric Membership Corporation  
PO Box 27306 (27611-7306)  
3400 Sumner Blvd.  
Raleigh, NC 27616  
Attn: Robert B. Schwentker, Senior Vice President  
and General Counsel  
Telephone No.: (919) 875-3113  
Facsimile No.: (919) 645-3437

If to Seller, to:

Saluda River Electric Cooperative  
P.O. Box 929  
Laurens, SC 29360  
Facsimile No.: (864) 682-3162 + (864) 761-7024  
Attn: Charles L. Compton



with a copy to:

Richardson\, Plowden\, Carpenter & Robinson\, P.A.  
1900 Barnwell Street, PO Box 7788  
Columbia, SC 29202  
Facsimile No.: (803) 779-0016  
Attn: Steven Hamm

11.1.2 Effective Time. Notice given by personal delivery, mail or overnight courier pursuant to this **Section 11.1** shall be effective upon physical receipt. Notice given by fax pursuant to this **Section 11.1** shall be effective as of (i) the date of confirmed delivery if delivered before 5:00 p.m. local time on any Business Day, or (ii) the next succeeding Business Day if confirmed delivery is after 5:00 p.m. local time on any Business Day or during any non-Business Day..

**Section 11.2 Payments**. Except for payments due at Closing, if either Party is required to make any payment under this Agreement on a day other than a Business Day, the date of payment shall be extended to the next Business Day. In the event a Party does not make any payment required or approved by the Parties under this Agreement on or before the due date, interest on the unpaid amount shall be due and paid at a rate that is the lesser of (a) the prime rate under "Money Rates" as reported in the Wall Street Journal on the first Business Day of the month (the "Prime Rate") plus two percent (2%) or (b) the maximum rate of interest permitted to be charged by applicable Law (such lesser rate, the "Default Rate") from the date such payment is due until the date such payment is made in full. Any payment of such interest at the Default Rate pursuant to this Agreement shall not excuse or cure any default hereunder. All payments shall first be applied to the payment of accrued but unpaid interest.

**Section 11.3 Entire Agreement**. This Agreement and the Transaction Agreements supersede all prior discussions and agreements between the Parties with respect to the subject matter hereof and thereof, including, in each case, all schedules and exhibits thereto, and contain the sole and entire agreement between the Parties hereto with respect to the subject matter hereof and thereof.

**Section 11.4 Expenses**. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each Party will pay its own costs and expenses incurred in connection with the negotiation, execution and performance under this Agreement and the Transaction Agreements and the transactions contemplated hereby and thereby; provided, however, that the fee payable in connection with the filing required by the HSR Act shall be shared one-half by Seller and one-half by Purchaser.

**Section 11.5 Public Announcements**. Seller and Purchaser will not issue or make any press releases or similar public announcements concerning this Agreement or the transactions contemplated hereby without the consent of the other, which consent shall not be unreasonably withheld. If either Party is unable to obtain the approval of its press release or similar public statement from the other Party and such press release or similar public statement is, in the opinion of legal counsel to such Party, required by Law in order to discharge such Party's disclosure obligations, then such Party may make or issue the legally required press release or similar public statement and promptly furnish the other Party with a copy thereof. Seller and Purchaser will also obtain the other Party's prior approval, which approval shall not be unreasonably withheld, of any press release to be issued immediately following the

execution of this Agreement or the Closing announcing either the execution of this Agreement or the consummation of the transactions contemplated by this Agreement.

**Section 11.6 Confidentiality.** Each Party hereto will hold, and will use commercially reasonable efforts to cause its Related Persons to hold, in strict confidence from any Person (other than any such Related Persons), unless (i) compelled to disclose by judicial or administrative process (including in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby of Governmental Authorities) or by other requirements of Law or necessary or desirable to disclose in order to obtain the PSCSC Approval, NRC Approval, and FERC Approval or (ii) disclosed in an action or proceeding brought by a Party hereto in pursuit of its rights or in the exercise of its remedies hereunder, all documents and information concerning the other Party or any of its Related Persons furnished to it by the other Party or such other Party's Related Persons in connection with this Agreement or the transactions contemplated hereby, except to the extent that such documents or information can be shown to have been (a) previously known by the Party receiving such documents or information, (b) in the public domain (either prior to or after the furnishing of such documents or information hereunder) through no fault of such receiving Party or (c) later acquired by the receiving Party from another source if the receiving Party is not aware that such source is under an obligation to another Party hereto to keep such documents and information confidential. In the event the transactions contemplated hereby are not consummated, upon the request of the other Party, each Party hereto will, and will use commercially reasonable efforts to cause its Related Persons to, promptly (and in no event later than five Business Days after such request) destroy or cause to be destroyed all copies of confidential documents and information furnished by the other Party in connection with this Agreement or the transactions contemplated hereby and destroy or cause to be destroyed all notes, memoranda, summaries, analyses, compilations and other writings related thereto or based thereon prepared by the Party furnished such documents and information or its Related Persons. The obligations contained in this **Section 11.6** shall not survive Closing or, if this Agreement is terminated pursuant to **ARTICLE VI**, such obligations shall survive for one year following the termination of this Agreement.

**Section 11.7 Waivers.**

**11.7.1 Grant of Waivers.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

**11.7.2 Exercise of Remedies.** No failure or delay of any Party, in any one or more instances, (i) in exercising any power, right or remedy (other than failure or unreasonable delay in giving notice of default) under this Agreement or (ii) in insisting upon the strict performance by the other Party of such other Party's covenants, obligations or agreements under this Agreement, shall operate as a waiver, discharge or invalidation thereof, nor shall any single or partial exercise of any such right, power or remedy or insistence on strict performance, or any abandonment or discontinuance of steps to enforce such a right, power or remedy or to enforce strict performance, preclude any other or future exercise thereof or insistence thereupon or the

exercise of any other right, power or remedy. The covenants, obligations, and agreements of a defaulting Party and the rights and remedies of the other Party upon a default shall continue and remain in full force and effect with respect to any subsequent breach, act or omission.

Section 11.8 **Amendment**. This Agreement and any of the Transaction Agreements may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each Party hereto.

Section 11.9 **No Construction Against Drafting Party**. The language used in this Agreement is the product of both Parties' efforts, and each Party hereby irrevocably waives the benefits of any rule of contract construction that disfavors the drafter of a contract or the drafter of specific words in a contract.

Section 11.10 **No Third-Party Beneficiary**. The terms and provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

Section 11.11 **Headings**. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

Section 11.12 **Invalid Provisions**. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) Purchaser and Seller shall negotiate an equitable adjustment in the provisions of the Agreement with a view toward effecting the purposes of the Agreement, and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby.

Section 11.13 **Governing Law**. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA APPLICABLE TO A CONTRACT EXECUTED AND PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF.

Section 11.14 **Court Costs; Interest**. With respect to any court proceeding between the Parties, the non-prevailing Party shall pay the prevailing Party (i) all court costs, and (ii) pre- and post-judgment interest on the amount awarded from the date of the applicable breach until paid.

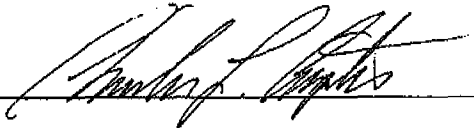
Section 11.15 **No Assignment; Binding Effect**. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any Party hereto without the prior written consent of the other Party hereto and any attempt to do so will be void, except for assignments and transfers by operation of Law. This Agreement is binding upon, inures to the benefit of and is enforceable by the Parties and their respective successors and assigns.

Section 11.16 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Each Party expressly acknowledges the effectiveness of facsimile signatures as originals.

[Signature Page Follows.]

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be signed by their respective duly authorized officers as of the Effective Date.

**SALUDA RIVER ELECTRIC  
COOPERATIVE, INC.**

By: 

Name: Charles L. Compton

Title President and CEO

**NORTH CAROLINA ELECTRIC  
MEMBERSHIP CORPORATION**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title \_\_\_\_\_

**IN WITNESS WHEREOF**, Seller and Purchaser have caused this Agreement to be signed by their respective duly authorized officers as of the Effective Date.

**SALUDA RIVER ELECTRIC  
COOPERATIVE, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title \_\_\_\_\_

**NORTH CAROLINA ELECTRIC  
MEMBERSHIP CORPORATION**

By: Richard K. Thomas

Name: RICHARD K. THOMAS

Title GRP/CEO

Exhibit A

CATAWBA NUCLEAR STATION

DESCRIPTION OF UNIT 1 AND UNIT 2

UNIT NO. 1: All that parcel of land lying in York County, South Carolina, containing 10.25 acres, more or less, as shown on plat of survey entitled, "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at a point having a coordinate value of N-480,105.19 and E-1380,951.59 on the plane coordinate grid system for South Carolina established by the U. S. Coast and Geodetic Survey; thence S 1-11 W 470.0 ft. to a point; thence N 88-49 W 252.3 ft. to a point; thence S 1-11 W 69.0 ft. to a point; thence N 88-49 W 130.0 ft.; thence N 1-11 E 69.0 ft. to a point; thence N 88-49 W 560.0 ft. to a point; thence N 1-11 E 426.3 ft. to a point; thence S 88-49 E 126.6 ft. to a point; thence N 1-11 E 43.7 ft. to a point; thence S 88-49 E 815.7 ft. to the point of BEGINNING.

UNIT NO. 1 - COOLING TOWER YARD: All that parcel of land in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at a point located S 31-11 W 485.0 ft. from grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 ft. to a point; thence S 31-11 W 485.0 ft. to a point; thence N 58-49 W 1281.4 ft. to a point; thence N 31-11 E 485.0 ft. to the point of BEGINNING.

UNIT NO. 2: All that parcel of land lying in York County, South Carolina, containing 10.66 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

Exhibit S-VI-2

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence N 88-49 W 815.7 ft. to a point; thence N 1-11 E 43.7 ft. to a point; thence N 88-49 W 126.6 ft. to a point; thence N 1-11 E 446.3 ft. to a point; thence S 88-49 E 508.0 ft. to point; thence N 1-11 E 62.0 ft. to a point; thence S 88-49 E 132.0 ft. to a point; thence S 1-11 W 62.0 ft. to a point; thence S 88-49 E 302.3 ft. to a point; thence S 1-11 W 490.0 ft. to the point of BEGINNING.

UNIT NO. 2 - COOLING TOWER YARD: All that parcel of land in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 ft. to a point; thence S 31-11 W 485.0 ft. to a point; thence N 58-49 W 1281.4 ft. to a point, thence N 31-11 E 485.0 ft. to the point of BEGINNING.



Exhibit B

CATAWBA NUCLEAR STATION

DESCRIPTION OF SUPPORT FACILITY

SUPPORT FACILITY AREA: All that parcel of land in York County, South Carolina, containing 449.66 acres, more or less, as shown on plat of survey entitled, "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-482,581.56 and E-1380,286.70; thence N 5-01 W 311.9 ft. to a point; thence S 57-33 W 333.4 ft. to a point; thence N 7-01 E 246.3 ft. to a point, thence West 137.9 feet to a point; thence North 102.9 feet to a point; thence S 44-24 W 226.4 ft. to a point; thence N 75-48 W 1354.8 ft. to a point; thence N 47-03 E 280.1 ft. to a point; thence S 89-30 W 340.3 ft. to a point; thence S 47-29 W 325.6 ft. to a point; thence N 21-48 W 323.1 ft. to a point; thence S 87-24 W 220.2 ft. to a point; thence N 14.27 W 609.3 ft. to a point; thence S 53-50 E 460.8 ft. to a point; thence N 87-34 E 468.1 ft. to a point; thence S 67-34 E 386.3 ft. to a point; thence N 35-28 E 239.6 ft. to a point; thence S 31-42 E 313.2 ft. to a point; thence N 37-38 E 547.0 ft. to a point; thence S 73-30 E 314.2 ft. to a point; thence S 53-47 W 299.6 ft. to a point; thence S 26-48 E 217.4 ft. to a point; thence N 43-46 E 317.8 ft. to a point; thence S 47-30 E 154.5 ft. to a point; thence S 7-58 W 169.2 ft. to a point; thence S 84-27 E 328.0 ft. to a point; thence N 16-58 W 497.8 ft. to a point; thence S 62-31 E 297.8 ft.; thence N 5-20 E 290.8 ft. to a point; thence S 47-22 E 537.7 ft. to a point; thence N 47-35 E 111.7 ft. to a point on the westerly right of way limit of a sandclay road; thence following the right of way of said sandclay road the following courses and distances: S 48-21 E 247.3 ft. to a point; thence a curve to the right having a radius of 2815.54 feet, an arc distance of 118.6 feet to a point; thence S 45-56 E 191.5 ft. to a point; thence a curve to the right having a radius of 405.57 feet, an arc distance of 92.1 feet to a point; thence S 32-56 E 119.2 ft. to a point; thence a curve to the left having a radius of 50.00 feet, an arc distance of 120.5 feet to a point; thence a curve to the left having a radius of 93.77 feet to an arc distance of 151.2 ft. to a point; thence N 22-29 E 40.15 ft. to a point; thence a curve to the right having a radius of 133.11 feet an arc distance of 117.5 feet to a point; thence N 73-05 E 182.0 ft.

Exhibit S-V-2

to a point; thence S 40-13 E 150.0 ft. to a point in contour elevation 570 feet above mean sea level, U.S.G.S. datum; thence following said contour 570 feet above mean sea level, U.S.G.S. datum, 1325 feet to a point on the nuclear exclusion area circle having a center point with a coordinate value of N-480,111.02 and E-1380,669.36 and a radius of 2500 feet; thence along the nuclear exclusion area circle an arc distance of 1910 feet to a point having a coordinate value of N-481,635.81 and E-1382,650.53; thence East 735.0 feet to the westerly right of way limit of a sandclay road; thence with the westerly right of way limit of said sandclay road a distance of 770.0 feet to a point; thence S 80-00 W 660.0 ft. to a point on the nuclear exclusion area circle; thence with the nuclear exclusion area circle an arc distance of 12,365 feet to the point of BEGINNING; LESS AND EXCEPT HOWEVER, Unit No. 1, Unit No. 2, Unit No. 1 Cooling Tower Yard, Unit No. 2 Cooling Tower Yard, and the Concord Cemetery Association Lot described as follows:

UNIT NO. 1: All that parcel of land lying in York County, South Carolina, containing 10.25 acres, more or less, as shown on plat of survey entitled, "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at a point having a coordinate value of N-480,105.19 and E-1380,951.59 on the plane coordinate grid system for South Carolina established by the U. S. Coast and Geodetic Survey; thence S 1-11 W 470.0 ft. to a point; thence N 88-49 W 252.3 ft. to a point; thence S 1-11 W 69.0 ft. to a point; thence N 88-49 W 130.0 ft.; thence N 1-11 E 69.0 ft. to a point; thence N 88-49 W 560.0 ft. to a point; thence N 1-11 E 426.3 ft. to a point; thence S 88-49 E 126.6 ft. to a point; thence N 1-11 E 43.7 ft. to a point; thence S 88-49 E 815.7 ft. to the point of BEGINNING.

UNIT NO. 1 - COOLING TOWER YARD: All that parcel of land in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at a point located S 31-11 W 485.0 ft. from grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 ft. to a point; thence S 31-11 W 485.0 ft. to a point; thence N 58-49 W 1281.4 ft. to a point; thence N 31-11 E 485.0 ft. to the point of BEGINNING.

Exhibit S-V-3

UNIT NO. 2: All that parcel of land lying in York County, South Carolina, containing 10.66 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence N 88-49 W 815.7 ft. to a point; thence N 1-11 E 43.7 ft. to a point; thence N 88-49 W 126.6 ft. to a point; thence N 1-11 E 446.3 ft. to a point; thence S 88-49 E 508.0 ft. to a point; thence N 1-11 E 62.0 ft. to a point; thence S 88-49 E 132.0 ft. to a point; thence S 1-11 W 62.0 ft. to a point; thence S 88-49 E 302.3 ft. to a point; thence S 1-11 W 490.0 ft. to the point of BEGINNING.

UNIT NO. 2 - COOLING TOWER YARD: All that parcel of land in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 ft. to a point; thence S 31-11 W 485.0 ft. to a point; thence N 58-49 W 1281.4 ft. to a point; thence N 31-11 E 485.0 ft. to the point of BEGINNING.

CONCORD CEMETERY ASSOCIATION: All that parcel of land in York County, South Carolina, containing 0.52 acre, more or less, as shown on plat of survey above referred, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,231.32 and E-1381,639.86; thence S 89-14 E 149.9 ft. to a point; thence S 0-56 W 149.9 ft. to a point; thence N 89-22 W 149.7 ft. to a point; thence N 0-52 E 150.2 ft. to the point of BEGINNING.

(The conveyance of the Support Facility Area will be made subject to right of way for access to Concord Cemetery Association and subject to a flood easement to Duke Power Company for the operation of the Lake Wylie Hydroelectric Project. Duke Power Company will reserve a transmission line right of way for all existing and proposed transmission lines.)

**EXHIBIT C**

**[Reserved]**

## EXHIBIT D

### BILL OF SALE

This BILL OF SALE (this "Bill of Sale") is made effective as of the \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by SALUDA RIVER ELECTRIC COOPERATIVE, INC., a South Carolina electric cooperative ("Seller"), to DUKE ENERGY CAROLINAS, LLC, a North Carolina limited liability company ("Purchaser").

WHEREAS, Seller and Purchaser have entered into an Asset Purchase Agreement dated as of December \_\_, 2006 (the "Asset Purchase Agreement"; capitalized terms used herein but not otherwise defined herein having the meanings given to such terms in the Asset Purchase Agreement) providing for, subject to the terms and conditions set forth therein, the sale, assignment, conveyance, transfer and delivery by Seller to Purchaser of the Purchased Assets.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby sells, assigns, conveys, transfers and delivers to Purchaser all of Seller's right, title and interest in and to the Purchased Assets.

This Bill of Sale is being executed and delivered pursuant and subject to the Asset Purchase Agreement. Nothing in this Bill of Sale shall, or shall be deemed to, defeat, limit, alter, impair, enhance or enlarge any right, obligation, claim or remedy created by the Asset Purchase Agreement. In the event of any conflict between this Bill of Sale and the Asset Purchase Agreement, the Asset Purchase Agreement shall control.

This Bill of Sale shall be binding upon Seller and its successors and permitted assigns and shall inure to the benefit of Purchaser and its successors and permitted assigns.

Upon the reasonable request of Purchaser, Seller agrees to execute and deliver to Purchaser such deeds, assignments and other instruments as may be reasonably requested by Purchaser and are required to effectuate completely the sale, assignment, conveyance, transfer and delivery to Purchaser of all of Seller's right, title and interest in and to the Purchased Assets.

This Bill of Sale shall be governed by and construed and enforced in accordance with the laws of the State of North Carolina without giving effect to the principles of conflicts of law thereof.

This Bill of Sale may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale to be executed and delivered as of this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

SALUDA RIVER ELECTRIC COOPERATIVE,  
INC.

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged and accepted as of this  
\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

DUKE ENERGY CAROLINAS, LLC

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT E**

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF YORK )

TITLE TO REAL ESTATE

KNOW ALL MEN BY THESE PRESENTS, That SALUDA RIVER ELECTRIC COOPERATIVE, INC., a corporation organized under the laws of the State of South Carolina (hereinafter sometimes referred to as "Grantor"), in the State aforesaid, for and in consideration of the sum of Five and no/100 (\$5.00) Dollars and other valuable consideration, to the Grantor in hand paid at and before the sealing and delivery of these Presents, by NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATION, a corporation organized under the laws of the State of North Carolina (hereinafter sometimes referred to as "Grantee"), in the State aforesaid (the receipt whereof is hereby acknowledged), has granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release unto the said Grantee, its successors and assigns, a 2.62875% interest of Grantor's 9.375% undivided interest as tenants in common in the following described property:

All that parcel of land lying in York County, South Carolina, containing 449.66 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-482,581.56 and E-1380,286.70; thence N 5-01 W 311.9 feet to a point; thence N 7-01 E 246.3 feet to a point; thence West 137.9 feet to a point; thence North 102.9 feet to a point; thence S 44-24 W 226.4 feet to a point; thence N 75-48 W 1354.8 feet to a point; thence N 47-03 E 280.1 feet to a point; thence S 89-30 W 340.3 feet to a point; thence S 47-29 W 325.6 feet to a point; thence N 21-48 W 323.1 feet to a point; thence S 87-24 W 220.2 feet to a point;



thence N 14-27 W 609.3 feet to a point; thence S 53-50 E 460.8 feet to a point; thence N 87-34 E 468.1 feet to a point; thence S 67-34 E 386.3 feet to a point; thence N 35-28 E 239.6 feet to a point; thence S 31-42 E 313.2 feet to a point; thence N 37-38 E 547.0 feet to a point; thence S 73-30 E 314.2 feet to a point; thence S 54-47 W 299.6 feet to a point; thence S 26-48 E 217.4 feet to a point; thence N 43-46 E 317.8 feet to a point; thence S 47-30 E 154.5 feet to a point; thence S 7-58 W 169.2 feet to a point; thence S 84-27 E 328.0 feet to a point; thence N 16-58 W 497.8 feet to a point; thence S 62-31 E 297.8 feet to a point; thence N 5-20 E 290.8 feet to a point; thence S 47-22 E 537.7 feet to a point; N 47-35 E 111.7 feet to a point on the westerly right of way limit of a sandclay road; thence following the right of way of said sandclay road the following courses and distances: S 48-21 E 247.3 feet to a point; thence a curve to the right having a radius of 2815.54 feet, an arc distance of 118.6 feet to a point; thence S 45-56 E 191.5 feet to a point; thence a curve to the right having a radius of 405.57 feet, an arc distance of 92.1 feet to a point; thence S 32-56 E 119.2 feet to a point; thence a curve to the left having a radius of 50.00 feet, an arc distance of 120.5 feet to a point; thence a curve to the left having a radius of 93.77 feet, an arc distance of 151.2 feet to a point; thence N 22-29 E 40.15 feet to a point; thence a curve to the right having a radius of 133.11 feet, an arc distance of 117.5 feet to a point; thence N 73-05 E 182.0 feet to a point; thence S 40-13 E 150.0 feet to a point in contour elevation 570 feet above mean sea level, U.S.G.S. datum; thence following said contour 570 feet above mean sea level, U.S.G.S. datum, 1325 feet to a point on the nuclear exclusion area circle having a center point with a coordinate value of N-480,111.02 and E-1380,669.36 and a radius of 2500 feet; thence along the nuclear exclusion area circle an arc distance of 1910 feet to a point; having a coordinate value of N-481,635.81 and E-1382,650.53; thence East 735.0 feet to the westerly right of way limit of a sandclay road; thence with the westerly right of way of said sandclay road a distance of 770.0 feet to a point; thence S 80-00 W 660.0 feet to a point on the nuclear exclusion area circle; thence with the nuclear exclusion area circle an arc distance of 12,365 feet to the POINT OF BEGINNING.

LESS AND EXCEPTING HOWEVER, Unit No. 1, Unit No. 2, Unit No. 1 Cooling Tower Yard, Unit No. 2 Cooling Tower Yard, and the Concord Cemetery Association Lot described as follows:

UNIT NO. 1: All that parcel of land lying in York County, South Carolina, containing 10.25

acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence S 1-11 W 470.0 feet to a point; thence N 88-49 W 252.3 feet to a point; thence S 1-11 W 69.0 feet to a point; thence N 88-49 W 130.0 feet to a point; thence N 1-11 E 69.0 feet to a point; thence N 88-49 W 560.0 feet to a point; thence N 1-11 E 426.3 feet to a point; thence S 88-49 E 126.6 feet to a point; thence N 1-11 E 43.7 feet to a point; thence S 88-49 E 815.7 feet to the point of BEGINNING.

UNIT NO. 1 - COOLING TOWER YARD: All that parcel of land lying in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at the southwesternmost corner of Unit No. 2-Cooling Tower Yard, said point being located S 31-11 W 485.0 feet from grid coordinate N-480,123.77 and E-1381,356.89; thence from said point S 58-49 E 1281.4 feet to a point; thence S 31-11 W 485.0 feet to a point; thence N 58-49 W 1281.4 feet to a point; thence N 31-11 E 485.0 feet to the point of BEGINNING.

UNIT NO. 2: All that parcel of land lying in York County, South Carolina, containing 10.66 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence N 88-49 W 815.7 feet to

a point; thence N 1-11 E 43.7 feet to a point; thence N 88-49 W 126.6 feet to a point; thence N 1-11 E 446.3 feet to a point; thence S 88-49 E 508.0 feet to a point; thence N 1-11 E 62.0 feet to a point; thence S 88-49 E 132.0 feet to a point; thence S 1-11 W 62.0 feet to a point; thence S 88-49 E 302.3 feet to a point; thence S 1-11 W 490.0 feet to the point of BEGINNING.

UNIT NO. 2 - COOLING TOWER YARD: All that parcel of land lying in York County, South Carolina, containing 14.27 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,123.77 and E-1381,356.89; thence S 58-49 E 1281.4 feet to a point; thence S 31-11 W 485.0 feet to a point; thence N 58-49 W 1281.4 feet to a point; thence N 31-11 E 485.0 feet to the point of BEGINNING.

CONCORD CEMETERY ASSOCIATION: All that parcel of land lying in York County, South Carolina, containing 0.52 acre, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,231.32 and E-1381,639.86; thence S 89-14 E 149.9 feet to a point; thence S 0-56 W 149.9 feet to a point; thence N 89-22 W 149.7 feet to a point; thence N 0-52 E 150.2 feet to the point of BEGINNING.

This being a 2.62875% interest of Grantor's 9.375% undivided interest as tenants in common the property conveyed to the Grantor herein by Deed from Duke Power Company dated January 20, 1981 and recorded in the Office of the Register of Deeds for York County, South Carolina on February 6, 1981 in Deed Book 626, at page 621.

TMS No. 552-00-00-010

**THIS CONVEYANCE IS MADE SUBJECT TO** the easements, restrictions and conditions of record affecting the subject property, and such state of facts as would be disclosed by an accurate and current survey and inspection of the subject property. This conveyance is further made subject to Article 21 of the Purchase, Construction, and Ownership Agreement dated October 14, 1980, which provides that the parties waive any right to partition Unit 1 or the Support Facilities of the Catawba Nuclear Station, or any part thereof, so long as either of the Catawba Units shall not have been decommissioned and agree not to commence during such period any action of any kind seeking any form of partition with respect thereto. This conveyance is further made subject to a right of way in favor of the Concord Cemetery Association for access to the Concord Cemetery Lot heretofore described as an exception to the tract conveyed in fee above.

Grantee's Address: \_\_\_\_\_  
\_\_\_\_\_

**TOGETHER** with all and singular the rights, members, hereditaments, and appurtenances to the said premises belonging, or in anywise incident or appertaining.

**TO HAVE AND TO HOLD**, all and singular the premises before mentioned unto the said Grantee, its successors and assigns forever, subject to easements and reservations hereinabove set out.

And the Grantor does hereby bind itself and its successors, to warrant and forever defend all and singular the said premises unto the said Grantee and the Grantee's successors and assigns, against the Grantor and the Grantor's successors and against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

**IN WITNESS WHEREOF** Saluda River Electric Cooperative, Inc. has caused these presents to be executed in its name by \_\_\_\_\_, its \_\_\_\_\_ and authorized signatory as of the \_\_\_\_\_ day of \_\_\_\_\_, in the year of our Lord Two Thousand Six (2006).

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF:

SALUDA RIVER ELECTRIC COOPERATIVE,  
INC.

BY: \_\_\_\_\_ (SEAL)

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_  
and authorized signatory

STATE OF SOUTH CAROLINA )  
COUNTY OF LAURENS )

P R O B A T E

PERSONALLY APPEARED BEFORE ME the undersigned witness, who  
being duly sworn, deposes and says that s/he saw the within-named  
SALUDA RIVER ELECTRIC COOPERATIVE, INC. by \_\_\_\_\_,  
its \_\_\_\_\_ and authorized signatory, sign, seal  
and as its act and deed deliver the within-written instrument for  
the uses and purposes therein mentioned, and that s/he with the  
other witness subscribing above, witnessed the execution thereof.

SWORN TO BEFORE ME THIS \_\_\_\_\_ )

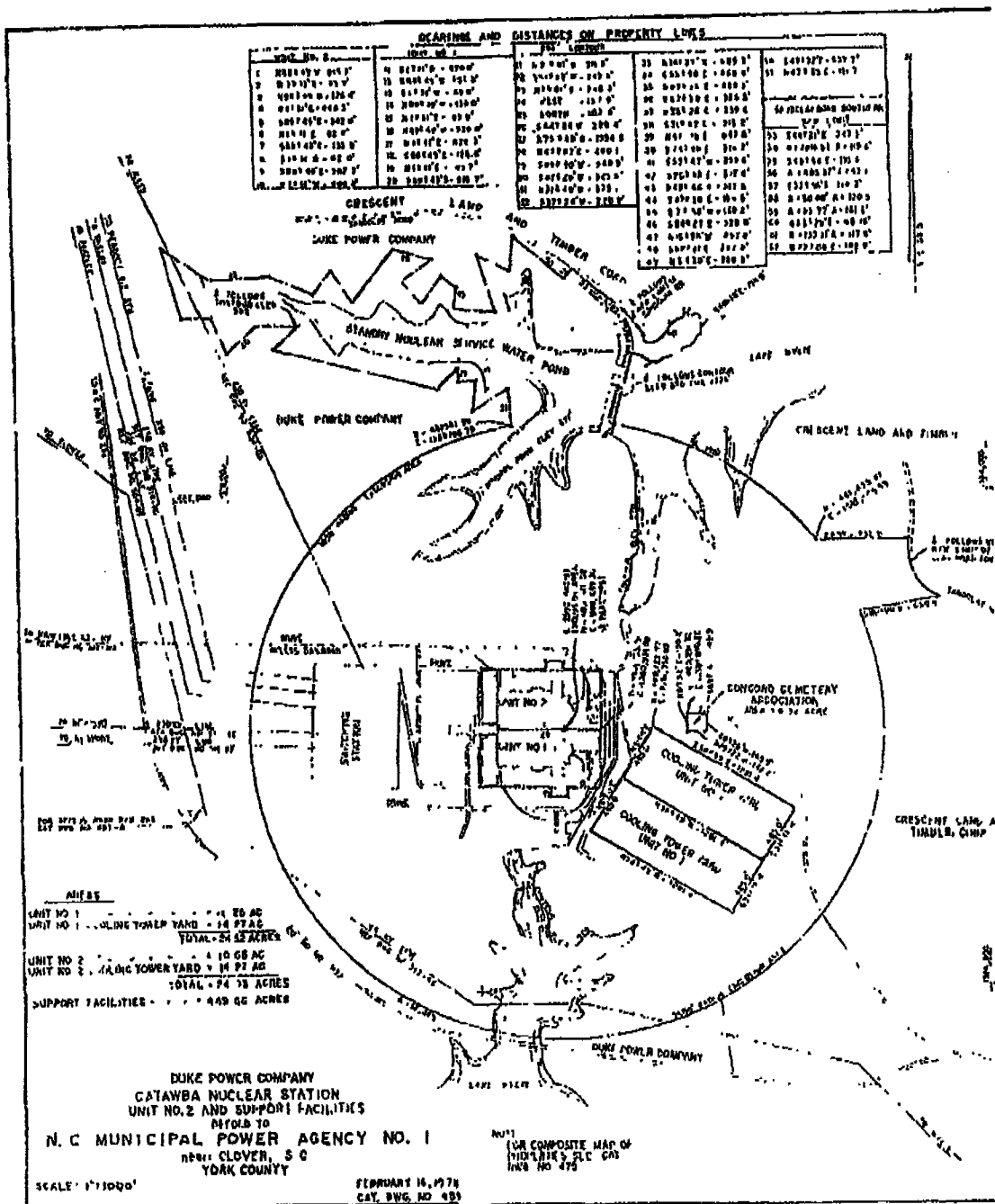
day of \_\_\_\_\_, 2006 )

(L.S.) )

Notary Public for South Carolina )

My Commission Expires: \_\_\_\_\_ )

\_\_\_\_\_  
(witness)



*Ronald M. Leonard*  
 S.C. R.L.S. No. 5257  
 Duke Power Co.  
 Charlotte, NC

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF YORK )

TITLE TO REAL ESTATE

KNOW ALL MEN BY THESE PRESENTS, That SALUDA RIVER ELECTRIC COOPERATIVE, INC., a corporation organized under the laws of the State of South Carolina (hereinafter sometimes referred to as "Grantor"), in the State aforesaid, for and in consideration of the sum of Five and no/100 (\$5.00) Dollars and other valuable consideration, to the Grantor in hand paid at and before the sealing and delivery of these Presents, by NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATION, a corporation organized under the laws of the State of North Carolina (hereinafter sometimes referred to as "Grantee"), in the State aforesaid (the receipt whereof is hereby acknowledged), has granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release unto the said Grantee, its successors and assigns, a 5.2575% interest of Grantor's 18.75% undivided interest as tenants in common in the following described property:

UNIT NO. 1: All that parcel of land lying in York County, South Carolina, containing 10.25 acres, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at grid coordinate N-480,105.19 and E-1380,951.59; thence S 1-11 W 470.0 feet to a point; thence N 88-49 W 252.3 feet to a point; thence S 1-11 W 69.0 feet to a point; thence N 88-49 W 130.0 feet to a point; thence N 1-11 E 69.0 feet to a point; thence N 88-49 W 560.0 feet to a point; thence N 1-11 E 426.3 feet to a point; thence S 88-49 E 126.6 feet to a point; thence N 1-11 E 43.7 feet to a point; thence S 88-49 E 815.7 feet to the point of BEGINNING.

**UNIT NO. 1 - COOLING TOWER YARD:** All that parcel of land lying in York County, South Carolina, containing **14.27 acres**, more or less, as shown on plat of survey entitled "Duke Power Company Catawba Nuclear Station," dated February 16, 1978, marked Cat. Dwg. No. 489, copy of which is attached hereto and made a part hereof, and being more particularly described by reference to said plat as:

BEGINNING at the southwesternmost corner of Unit No. 2-Cooling Tower Yard, said point being located S 31-11 W 485.0 feet from grid coordinate N-480,123.77 and E-1381,356.89; thence from said point S 58-49 E 1281.4 feet to a point; thence S 31-11 W 485.0 feet to a point; thence N 58-49 W 1281.4 feet to a point; thence N 31-11 E 485.0 feet to the point of BEGINNING.

This being a 5.2575% interest of Grantor's 18.75% undivided interest as tenants in common in property conveyed to the Grantor herein by Deed from Duke Power Company dated January 20, 1981 and recorded in the Office of the Register of Deeds for York County, South Carolina on February 6, 1981 in Deed Book 626, at page 615.

TMS No. 552-00-00-011

**THIS CONVEYANCE IS MADE SUBJECT TO** the easements, restrictions and conditions of record affecting the subject property, and such state of facts as would be disclosed by an accurate and current survey and inspection of the subject property. This conveyance is further made subject to Article 21 of the Purchase, Construction, and Ownership Agreement dated October 14, 1980, which provides that the parties waive any right to partition Unit 1 or the Support Facilities of the Catawba Nuclear Station, or any part thereof, so long as either of the Catawba Units shall not have been decommissioned and agree not to commence during such period any action of any kind seeking any form of partition with respect thereto.

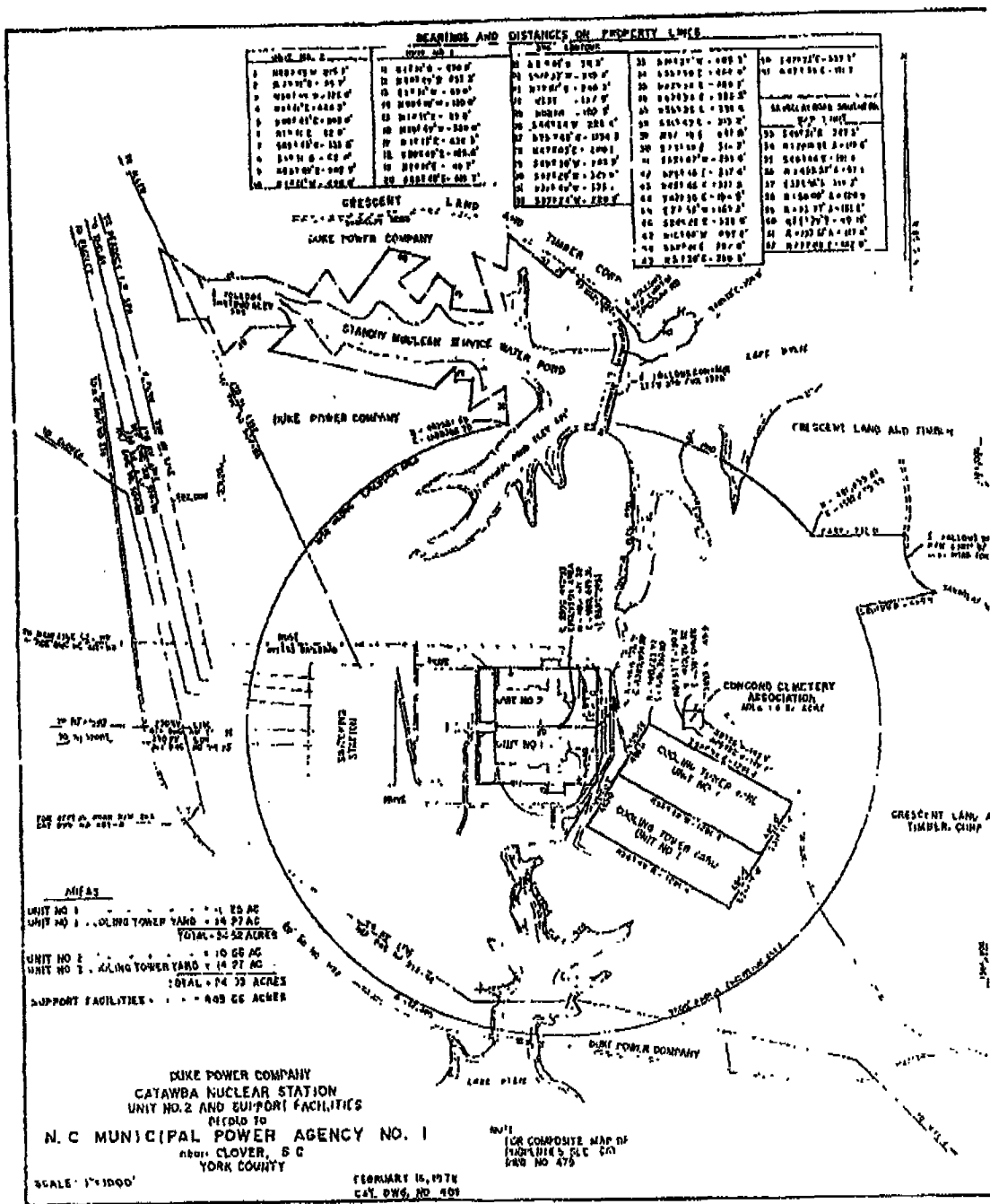
Grantee's Address: \_\_\_\_\_

**TOGETHER** with all and singular the rights, members, hereditaments, and appurtenances to the said premises belonging, or in anywise incident or appertaining.

**TO HAVE AND TO HOLD**, all and singular the premises before mentioned unto the said Grantee, its successors and assigns forever, subject to easements and reservations hereinabove set out.







*Ronald M. Leonard*  
 S.C. R.L.S. No. 5247  
 Duke Power Co.  
 Charlotte, NC

Schedule 1.1  
Permitted Liens

**CATAWBA NUCLEAR PLANT, YORK COUNTY, S.C.:** AS TO SALUDA RIVER ELECTRIC COOPERATIVE, INC. UNDIVIDED INTEREST IN AND TO Unit No. 1 10.25 Acres, Unit No. 1 - Cooling Tower Yard 14.27 Acres and 449.66 Acres Support Facility Area, limited to matters recorded in the Office of the Register of Deeds for York County, South Carolina and the UCC-Division of the South Carolina Secretary of State, between February 6, 1981 and December 12, 2006:

1. Taxes, User fee, if any, and assessments for the year 2006, which are a lien, and now due and payable, and all subsequent years taxes, which are a lien but not yet due and payable.
2. Any taxes assessed under the rollback provisions of §12-43-220(D-4) South Carolina Code of Laws 1976, as amended.
3. Easements, or claims of easements not shown by the public records.
4. Encroachments, overlaps, boundary line disputes, access, deficiency in quantity of land, and any other matter which would be disclosed by a current and accurate survey and inspection of the subject property.
5. Rights and claims of parties in possession not shown by the public records.
6. Any lien, or right to a lien, for services, labor or materials heretofore or hereafter furnished, imposed by law and not shown in the public records.
7. Waiver of right to partition as set forth in Deed from Duke Power Company to Saluda River Electric Cooperative, Inc. dated February 6, 1981 and recorded in **Deed Book 626, at page 615** and in **Deed Book 626, at page 621**.
8. Reservations, rights, privileges and easements in favor of Duke Power Company, and right of way in favor of Concord Cemetery Association for access to the Concord Cemetery Lot contained in Deed from Duke Power Company to Saluda River Electric Cooperative, Inc. dated February 6, 1981 and recorded in **Deed Book 626, at page 621**.
- \*\*9. Mortgage from Saluda River Electric Cooperative, Inc. to the United States of America through Rural Electrification Administration dated January 15, 1981, recorded February 6, 1981 in **Mortgage Book 579, at page 541** in the Office of the Clerk of Court for York County, South Carolina; supplemented by Supplemental Mortgage dated as of November 1, 1984, recorded in **Mortgage Book 786, at page 183**, amended by Amendment dated as of September 1, 1993 to Supplemental Mortgage recorded in **Mortgage Book 799, at page 13**, by Amendment dated as of February 24, 1994 recorded in **Mortgage Book 945, at page 53** and by Amendment

dated as of January 1, 1998 and recorded January 6, 1998 in **Record Book 2096**, at **page 325** and by Fourth Amendment dated as of April 30, 1999 and recorded in **Record Book 2725**, at **page 215**; supplemented by Supplemental Mortgage and Assignment Agreement dated as of April 15, 1999, recorded in **Record Book 2685**, at **page 1**.

- \*\*10.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of U.S. of America; Federal Financing Bank through Rural Electrification Administration U.S. Department of Agric., filed with the South Carolina Secretary of State's Office on January 20, 1981 at **File No. 0007-4376**; amended 05/10/99 at **File No. 990510-134506A**, partial release 05/10/99 at **File No. 990510-134954A**.
- \*\*11.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of: **(a)** USA through REA US Dept. of Agriculture and Nat'l Bank of Cooperatives, filed with the South Carolina Secretary of State's Office on September 8, 1993 at **File No. 930908-105048A**, amended 01/06/98 at **File No. 980106-124157C**, partial release 01/06/98 at **File No. 980106-160327C**, partial release 05/10/99 at **File No. 990510-135341A**, amended 06/10/99 at **File No. 990610-140021A**, amended 06/10/99 at **File No. 990610-143115A**, partial release 06/13/00 at **File No. 000613-091644A**, partial release 08/02/00 at **File No. 000802-094521A**, amended 04/22/03 at **File No. 030422-1051233**; and **(b)** Rural Electrification Administration and National Rural Utilities, filed with the South Carolina Secretary of State's Office on February 28, 1994 at **File No. 940228-134614A**, amended 01/06/98 at **File No. 980106-123700C**, partial release 01/06/98 at **File No. 980106-160310C**, partial release 05/10/99 at **File No. 990510-135312A**, amended 06/10/99 at **File No. 990610-135910A**, amended 06/10/99 at **File No. 990610-142604A**, partial release 06/13/00 at **File No. 000613-091453A**, partial release 08/02/00 at **File No. 000802-094552A**, amended 04/22/03 at **File No. 030422-1051551**.
- \*\*12.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of United States of America acting by and through the Administrator of the Rural Utilities Service filed with the York County Register of Deeds Office at **Book 98**, at **page 35**, amended 04/24/03 at **File No. 2003**, **page 258** and in **Record Book 5211**, at **page 164**.
- \*\*13.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of United States of America acting by and through the National Rural Utilities Cooperative Finance filed with the South Carolina Secretary of State's Office on 01/06/98 at **File No. 980106-123723C**, partial release 05/10/99 at **File No. 990510-135416A**, amended 06/10/99 at **File No. 990610-1357500A**, amended 06/10/99 at **File No. 990610-142028A**, partial release 06/13/00 at **File No. 000613-091542A**, partial release 08/02/00 at **File No. 000802-093741A**, amended 04/22/03 at **File No. 030422-1052154**.
- \*\*14.** UCC-1 Financing Statements given by Saluda River Electric Cooperative, Inc. in favor of United States of America acting by and through the Administrator of the

Rural Utilities Service filed with the South Carolina Secretary of State's Office on 11/02/00 at **File No. 001102-113927A**.

15. Facility Operating License, as Amended by Amendment to Facility Operating License dated February 26, 2002 and recorded in the Office of the Register of Deeds for York County, SC in **Record Book 404, at page 228**.
16. Unrecorded Lease Agreement by and between Duke Power Company, LLC, North Carolina Municipal Power Agency Number 1, North Carolina Electric Membership Corporation, Piedmont Municipal Power Agency and Saluda River Electric Cooperative, Inc., as Joint Owners and Lessor, and The Lake Wylie Marine Commission, as Lessee.
17. It should be noted that the Purchase, Construction and Ownership Agreement dated October 14, 1980, as amended, by and between Duke Power Company and North Carolina Electric Membership Corporation, and other agreements referred to therein, contains a "right of first refusal" provision in favor of "Third Party", as defined in said Purchase, Construction and Ownership Agreement, and the possibility of outstanding rights of first refusal.

**\*\* To be released at Closing**

**Schedule 3.1**

**Seller's Disclosure Schedule**

**Section 3.1**  
**Knowledge**

1. **Charles Compton, President and CEO of Saluda River Electric Cooperative**

**Section 3.1.5**  
**Seller Approvals**

1. Approval by Public Service Commission of South Carolina
2. Approval by Administrator, RUS, Department of Agriculture
3. Approval by the Nuclear Regulatory Commission
4. Expiration of the waiting period under the Hart-Scott-Rodino Act



**Section 3.1.7**  
**Violation of Laws**

1. None

Section 3.1.10  
Contracts

1. Lease Agreement between Duke Power Company, LLC, North Carolina Municipal Power Agency Number 1, North Carolina Electric Membership Corporation, Piedmont Municipal Power Agency and Saluda River Electric Cooperative, Inc., as Joint Owners and Lessor, and The Lake Wylie Marine Commission, as Lessee
2. Debt Restructuring Agreement dated April 3, 1999

**Section 3.1.11**  
**Permits**

1. Renewed Facility Operating License NO. NPF-35 for Catawba Unit 1 issued by the Nuclear Regulatory Commission on December 5, 2003 and subsequently amended to reflect the name change of the licensee from Duke Energy Corporation to Duke Power Company LLC on February 7, 2006.

**Schedule 3.2**

**Purchaser's Disclosure Schedule**

**Section 3.2**  
**Knowledge**

- I. Robert B. Schwentker, Senior Vice President and General Counsel.

Section 3.2.5  
Approvals and Filings

1. Approval by Public Service Commission of South Carolina
2. Approval by Administrator, RUS, Department of Agriculture
3. Approval by the Nuclear Regulatory Commission
4. Expiration of the waiting period under the Hart-Scott-Rodino Act